

**WASHINGTON LAWYERS' COMMITTEE FOR
CIVIL RIGHTS AND URBAN AFFAIRS
DECEMBER 31, 2023**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Washington Lawyers' Committee for Civil Rights and Urban Affairs
Washington, D.C.

Opinion

We have audited the accompanying financial statements of Washington Lawyers' Committee for Civil Rights and Urban Affairs (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Washington Lawyers' Committee for Civil Rights and Urban Affairs as of December 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audit contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Washington Lawyers' Committee for Civil Rights and Urban Affairs and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Washington Lawyers' Committee for Civil Rights and Urban Affairs' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Washington Lawyers' Committee for Civil Rights and Urban Affairs' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Washington Lawyers' Committee for Civil Rights and Urban Affairs' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedules of Activities (Without Donated Services) for the years ended December 31, 2023 and 2022, and the schedule of expenditures of District of Columbia and federal awards, as required by terms of the District of Columbia grants and by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, except for the effects of the exclusion of donated services and the schedules of activities (without donated services), the schedules of activities (without donated services) for the years ended December 31, 2023 and 2022, and the schedule of expenditures of District of Columbia and federal awards are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 18, 2024, on our consideration of Washington Lawyers' Committee for Civil Rights and Urban Affairs' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Washington Lawyers' Committee for Civil Rights and Urban Affairs' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Washington Lawyers' Committee for Civil Rights and Urban Affairs' internal control over financial reporting and compliance.

Other Matter

Report on Summarized Comparative Information

We previously audited the Washington Lawyers' Committee for Civil Rights and Urban Affairs 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 8, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Sarpino and Rhoads, LLP

September 18, 2024

**WASHINGTON LAWYERS' COMMITTEE FOR
CIVIL RIGHTS AND URBAN AFFAIRS, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2023
(Summarized Financial Information as of December 31, 2022)**

| | 2023 | 2022 |
|---|---------------------|---------------------|
| ASSETS | | |
| CURRENT ASSETS: | | |
| Cash and cash equivalents | \$ 1,388,962 | \$ 3,376,312 |
| Restricted cash | <u>179,332</u> | <u>157,960</u> |
| Total cash and cash equivalents | \$ 1,568,294 | \$ 3,534,272 |
| Investments | 1,433,627 | - |
| Grants and contributions receivable | 1,085,624 | 1,244,496 |
| Fees and other receivable | 47,101 | 29,167 |
| Prepaid and other | <u>167,019</u> | <u>145,818</u> |
| TOTAL CURRENT ASSETS | <u>\$ 4,301,665</u> | <u>\$ 4,953,753</u> |
| PROPERTY AND EQUIPMENT | <u>\$ 654,201</u> | <u>\$ 819,365</u> |
| OTHER ASSETS: | | |
| Security deposit | \$ 110,642 | \$ 110,642 |
| Grants and contributions receivable - non-current portion | - | 6,442 |
| Right of use asset - operating | 2,639,472 | 3,177,892 |
| Right of use asset - finance | <u>18,722</u> | <u>-</u> |
| TOTAL OTHER ASSETS | <u>\$ 2,768,836</u> | <u>\$ 3,294,976</u> |
| TOTAL ASSETS | <u>\$ 7,724,702</u> | <u>\$ 9,068,094</u> |
| LIABILITIES AND NET ASSETS | | |
| CURRENT LIABILITIES: | | |
| Accounts payable and accrued expenses | \$ 368,421 | \$ 343,986 |
| Operating lease liability, current portion | 727,303 | 708,064 |
| Finance lease liability, current portion | 4,263 | - |
| Deferred revenue | <u>-</u> | <u>15,000</u> |
| TOTAL CURRENT LIABILITIES | <u>\$ 1,099,987</u> | <u>\$ 1,067,050</u> |
| OTHER LIABILITIES: | | |
| Operating lease liability, long-term portion | \$ 3,141,845 | \$ 3,873,732 |
| Finance lease liability, long-term portion | <u>14,708</u> | <u>-</u> |
| TOTAL OTHER LIABILITIES | <u>\$ 3,156,553</u> | <u>\$ 3,873,732</u> |
| TOTAL LIABILITIES | <u>\$ 4,256,540</u> | <u>\$ 4,940,782</u> |
| NET ASSETS: | | |
| Without donor restrictions | \$ 2,192,362 | \$ 2,911,102 |
| With donor restrictions | <u>1,275,800</u> | <u>1,216,210</u> |
| TOTAL NET ASSETS | <u>\$ 3,468,162</u> | <u>\$ 4,127,312</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 7,724,702</u> | <u>\$ 9,068,094</u> |

The accompanying notes are an integral part of these financial statements.

**WASHINGTON LAWYERS' COMMITTEE FOR
CIVIL RIGHTS AND URBAN AFFAIRS, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023
(Summarized Financial Information for the Year Ended December 31, 2022)**

| | 2023 | | | 2022 | | |
|--|-------------------------------|----------------------------|----------------------|-------------------------------|----------------------------|----------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total | Without Donor Restrictions | With Donor Restrictions | Total |
| SUPPORT, REVENUES AND GAINS: | | | | | | |
| In-kind contributions | \$ 21,775,928 | \$ - | \$ 21,775,928 | \$ 27,091,304 | \$ - | \$ 27,091,304 |
| Grants and contributions | 1,903,531 | 1,162,580 | 3,066,111 | 937,082 | 1,194,750 | 2,131,832 |
| Annual events | 1,044,085 | - | 1,044,085 | 1,038,400 | - | 1,038,400 |
| Less, direct benefits to donors | (101,144) | - | (101,144) | (119,377) | - | (119,377) |
| Legal fees and court awards | 410,957 | - | 410,957 | 399,835 | - | 399,835 |
| Fellowship subsidies | - | 58,500 | 58,500 | - | 92,417 | 92,417 |
| Contracted services revenue | 84,957 | - | 84,957 | 41,960 | - | 41,960 |
| Investment income, net | 105,591 | 6,215 | 111,806 | 31,468 | 1,798 | 33,266 |
| Other income | 7,353 | - | 7,353 | - | - | - |
| Net assets released from restrictions | 1,167,705 | (1,167,705) | - | 1,040,773 | (1,040,773) | - |
| TOTAL SUPPORT, REVENUES AND GAINS | <u>\$ 26,398,963</u> | <u>\$ 59,590</u> | <u>\$ 26,458,553</u> | <u>\$ 30,461,445</u> | <u>\$ 248,192</u> | <u>\$ 30,709,637</u> |
| EXPENSES: | | | | | | |
| Program service | \$ 25,271,922 | \$ - | \$ 25,271,922 | \$ 30,396,725 | \$ - | \$ 30,396,725 |
| Supporting services: | | | | | | |
| Management and general | 1,236,215 | - | 1,236,215 | 767,128 | - | 767,128 |
| Fundraising | 609,566 | - | 609,566 | 485,575 | - | 485,575 |
| TOTAL EXPENSES | <u>\$ 27,117,703</u> | <u>\$ -</u> | <u>\$ 27,117,703</u> | <u>\$ 31,649,428</u> | <u>\$ -</u> | <u>\$ 31,649,428</u> |
| CHANGES IN NET ASSETS | \$ (718,740) | \$ 59,590 | \$ (659,150) | \$ (1,187,983) | \$ 248,192 | \$ (939,791) |
| NET ASSETS, BEGINNING OF YEAR | <u>2,911,102</u> | <u>1,216,210</u> | <u>4,127,312</u> | <u>4,099,085</u> | <u>968,018</u> | <u>5,067,103</u> |
| NET ASSETS, END OF YEAR | <u>\$ 2,192,362</u> | <u>\$ 1,275,800</u> | <u>\$ 3,468,162</u> | <u>\$ 2,911,102</u> | <u>\$ 1,216,210</u> | <u>\$ 4,127,312</u> |

The accompanying notes are an integral part of these financial statements.

**WASHINGTON LAWYERS' COMMITTEE FOR
CIVIL RIGHTS AND URBAN AFFAIRS, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(Summarized Financial Information for the Year Ended December 31, 2022)**

| | 2023 | | | | | 2022 | | | | |
|---|----------------------|------------------------|-------------------|---------------------------|----------------------|----------------------|------------------------|-------------------|---------------------------|----------------------|
| | Supporting Services | | | | Total | Supporting Services | | | | Total |
| | Program Service | Management and General | Fundraising | Direct Benefits to Donors | | Program Service | Management and General | Fundraising | Direct Benefits to Donors | |
| Contributed services | \$ 21,775,928 | \$ - | \$ - | \$ - | \$ 21,775,928 | \$ 27,091,304 | \$ - | \$ - | \$ - | \$ 27,091,304 |
| Salaries, benefits and payroll taxes | 2,724,862 | 540,752 | 406,594 | - | 3,672,208 | 2,493,760 | 484,179 | 335,623 | - | 3,313,562 |
| Occupancy | 417,744 | 132,393 | 58,496 | - | 608,633 | 472,292 | 67,284 | 59,182 | - | 598,758 |
| Consultants | 26,770 | 438,936 | - | - | 465,706 | 15,906 | 155,434 | - | - | 171,340 |
| Depreciation and amortization | 124,501 | 23,206 | 17,458 | - | 165,165 | 135,961 | 14,030 | 17,037 | - | 167,028 |
| Events | - | - | 51,267 | 101,144 | 152,411 | - | - | 6,990 | 119,377 | 126,367 |
| Equipment rental and maintenance | 66,272 | 35,344 | 7,146 | - | 108,762 | 45,109 | 21,766 | 5,653 | - | 72,528 |
| Publications and messaging | 21,927 | 1,017 | 24,497 | - | 47,441 | 24,363 | 582 | 18,753 | - | 43,698 |
| Insurance | 32,912 | 6,134 | 4,615 | - | 43,661 | 34,446 | 3,555 | 4,316 | - | 42,317 |
| Conferences and meetings | 10,452 | 20,152 | 1,509 | - | 32,113 | 6,476 | 1,024 | 695 | - | 8,195 |
| Communications | 23,661 | 4,410 | 3,318 | - | 31,389 | 23,508 | 2,002 | 2,431 | - | 27,941 |
| Bank and credit card fees | - | - | 28,244 | - | 28,244 | - | - | 28,959 | - | 28,959 |
| Miscellaneous | 8,537 | 11,131 | 648 | - | 20,316 | 5,308 | 7,241 | 705 | - | 13,254 |
| Printing and duplicating | 15,275 | 2,820 | 2,122 | - | 20,217 | 16,399 | 1,692 | 2,055 | - | 20,146 |
| Office supplies | 10,269 | 1,680 | 2,348 | - | 14,297 | 15,519 | 1,393 | 2,829 | - | 19,741 |
| Travel | 6,979 | 5,692 | 1,304 | - | 13,975 | 4,999 | 2,378 | 347 | - | 7,724 |
| Bad debt | - | 7,942 | - | - | 7,942 | - | 1,000 | - | - | 1,000 |
| Litigation support | 5,833 | - | - | - | 5,833 | 1,921 | - | - | - | 1,921 |
| Taxes and other | - | 4,606 | - | - | 4,606 | - | 952 | - | - | 952 |
| PEP Grant Funds | - | - | - | - | - | 9,454 | - | - | - | 9,454 |
| Technology | - | - | - | - | - | - | 2,616 | - | - | 2,616 |
| TOTAL EXPENSES | \$ 25,271,922 | \$ 1,236,215 | \$ 609,566 | \$ 101,144 | \$ 27,218,847 | \$ 30,396,725 | \$ 767,128 | \$ 485,575 | \$ 119,377 | \$ 31,768,805 |
| Less, Direct Benefits to Donors | - | - | - | (101,144) | (101,144) | - | - | - | (119,377) | (119,377) |
| TOTAL EXPENSES PER STATEMENT OF ACTIVITIES | \$ 25,271,922 | \$ 1,236,215 | \$ 609,566 | \$ - | \$ 27,117,703 | \$ 30,396,725 | \$ 767,128 | \$ 485,575 | \$ - | \$ 31,649,428 |

The accompanying notes are an integral part of these financial statements.

**WASHINGTON LAWYERS' COMMITTEE FOR
CIVIL RIGHTS AND URBAN AFFAIRS, INC.**

**STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023**

(Summarized Financial Information for the Year Ended December 31, 2022)

| | 2023 | 2022 |
|--|-----------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Changes in net assets | \$ (659,150) | \$ (939,791) |
| Adjustments to reconcile changes in net assets to net cash (used in) operating activities: | | |
| Unrealized gain on investments | (22,773) | - |
| Depreciation and amortization | 168,285 | 167,028 |
| Amortization on right-of-use-asset | 538,420 | 523,345 |
| Bad debt | 7,942 | 1,000 |
| Decrease (increase) in operating assets: | | |
| Grants and contributions receivable | 157,372 | 265,808 |
| Fees and other receivable | (17,934) | 24,407 |
| Prepaid and other | (21,201) | 30,342 |
| Increase (decrease) in operating liabilities: | | |
| Accounts payable and accrued expenses | 24,435 | 73,580 |
| Custodial escrow funds | - | 1,519 |
| Operating lease liability | (712,648) | (672,176) |
| Deferred revenue | (15,000) | (34,375) |
| NET CASH USED IN OPERATING ACTIVITIES | \$ (552,252) | \$ (559,313) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Purchases of property and equipment | \$ - | \$ (11,460) |
| Sales of investments | 3,483,672 | - |
| Purchases of investments | (4,894,526) | - |
| NET CASH USED IN INVESTING ACTIVITIES | \$ (1,410,854) | \$ (11,460) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Reduction of finance lease liability | \$ (2,872) | \$ - |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | \$ (1,965,978) | \$ (570,773) |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | 3,534,272 | 4,105,045 |
| CASH AND CASH EQUIVALENTS, END OF YEAR | \$ 1,568,294 | \$ 3,534,272 |
| SUPPLEMENTAL CASH FLOW INFORMATION: | | |
| Right of use assets obtained with lease liabilities | \$ - | \$ 3,701,238 |
| Derecognition of lease liabilities | \$ - | \$ 5,253,972 |

The accompanying notes are an integral part of these financial statements.

**WASHINGTON LAWYERS' COMMITTEE FOR
CIVIL RIGHTS AND URBAN AFFAIRS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

Note 1. **Organization and Summary of Significant Accounting Policies**

Organization - The Washington Lawyers' Committee for Civil Rights and Urban Affairs (WLC), a nonprofit organization, was incorporated in Washington, D.C. in 1992. Its primary purpose is to provide legal services to protect the civil rights of members of the general public who have historically been subject to discrimination or poverty through legal representation and litigation as well as providing counseling and assistance to individuals, groups, and organizations requiring or requesting such services. In addition, WLC cooperates with and assists the organized bar, government agencies, public and private corporations, associations, and legal practitioners in extending these civil rights protections to those in need of them.

Program Service - WLC engages in litigation, public policy advocacy, client counseling and community education to address racial and other forms of discrimination. WLC works on matters that affect the District of Columbia and the surrounding region and on cases outside of the region that may have an impact on local residents. WLC works closely with the private bar to expand the capacity of its staff and relies heavily on various firm pro bono partners. WLC's project priorities include:

- **Creating Equal Opportunity to Economic Stability for Individuals and Families.** People of color, women, children and persons with disabilities are disproportionately forced to live in poverty. The inequities in the social and legal systems have created circumstances in which social mobility is extremely limited and the gap between rich and poor is expanding. Inequality and immobility is significantly worse in communities of color. Poverty has become as much an inheritance as wealth. Work has become a key element of reducing poverty since welfare "reform", making access to employment, fair wages and stability in work critical.
- **Challenging the Conditions that Force Racial and Economic Segregation and that Limit Options for Safe, Decent and Affordable Housing Based on Race and National Origin.** Housing segregation is itself inherently unequal and contributes to diminished opportunities for education, work and recreation. Racial segregation in housing is increasing in the District and the region, driven by economic development, the effects of discrimination in the criminal legal system and other structural and economic factors. The forces of segregation in the District have deprived low income and many communities of color access to safe, decent and affordable housing.
- **Reducing Barriers to Public Services and Public Accommodations.** The ability to access public services or participate in the economy are essential to be full members of society. Everyone, regardless of race, gender, disability or language should be free from discrimination in civic participation, economic activity and social engagement.

**WASHINGTON LAWYERS' COMMITTEE FOR
CIVIL RIGHTS AND URBAN AFFAIRS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

Note 1. **Organization and Summary of Significant Accounting Policies - (Continued)**

- **Creating Equal Opportunity for an Education.** One of the great unfinished projects of the civil rights movement is addressing inequality in education. Schools are increasingly segregated, separate and unequal. Children of color, with disabilities and English language learners are much more frequently denied the opportunity to thrive and achieve their aspirations. Education reform in the District and in the region has had some effect, but it is limited.
- **Reducing the Impact of an Unfair Criminal Justice System.** The criminal justice system is a prime driver of inequality. These issues include:
 - *A continued strong emphasis on addressing conditions of incarceration.* Persons confined to prisons, jails, immigration detention and other criminal justice system institutions are confronted with a unique and particularly cruel form of state power. As long as mass incarceration is a fact, the need for prisoners' rights advocacy will be essential.
 - *Strategies to reduce unnecessary and discriminatory contact with the criminal justice system and that reduce the effects of such contact.* Race bias is deeply imbedded in each criminal justice system component, including the writing of laws, police, prosecutors, courts, prisons and the effects of collateral consequences. These effects are significant whether they result in long-term incarceration, crushing court imposed financial obligations (debtors' prisons) or barriers to employment, education or housing after a period of incarceration.

Basis of Accounting - The financial statements of WLC have been prepared on the accrual basis of accounting.

Basis of Presentation - WLC prepares its financial statements in accordance with U.S. generally accepted accounting principles, including those applicable to nonprofit organizations. Under this presentation, WLC is required to report information regarding its financial position and activities for each of the two classes of net assets:

Net assets without donor restrictions - Net assets without donor restrictions have no donor-imposed restrictions on their use and are fully available for general operations.

Net assets with donor restrictions - Net assets with donor restrictions arise from contributions with donor-imposed restrictions on their use that can be removed by the passage of time or actions by WLC.

**WASHINGTON LAWYERS' COMMITTEE FOR
CIVIL RIGHTS AND URBAN AFFAIRS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

Note 1. **Organization and Summary of Significant Accounting Policies - (Continued)**

Income Tax Status - WLC is exempt from federal income taxes on its exempt activities under Section 501(c)(3) of the Internal Revenue Code (IRC) except for taxes on unrelated business income. Income from certain activities not directly related to WLC's tax-exempt purpose are subject to taxation as unrelated business income.

Use of Estimates - The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents - For purposes of the statement of cash flows, WLC considers all cash and other highly liquid investments with original maturities of three months or less to be cash equivalents.

Investments - Investments are stated at fair value on the statement of financial position and are subject to change thereafter due to market conditions. Securities are recorded at cost on the date of purchase. The change between fair value and the cost of investments is reflected on the statement of activities for the period in which they occur. Interest and dividend income is recorded when received.

Grants and Contributions Receivable - Grants receivable represent amounts due from donors based on approved grants and are reported on the statement of financial position at their net realizable value. Contributions receivable represent unconditional promises made by donors that have not yet been received by WLC. Contributions which will not be received in one year have been discounted using an estimated rate of return which could be earned if such contributions had been made in the current year. WLC considers all contributions receivable to be fully collectible; accordingly, no allowance for uncollectible receivables has been provided.

Fees and Other Receivable - Fees receivable represent amounts due from case settlements and are stated at the amount management expects to collect from balances outstanding at year-end. Case settlements are shown on the statement of financial position at the time of settlement notification and when the amount of the award is deemed certain. Other receivable represents amounts due for services provided. Based on management's assessment of the payment history with donors having outstanding balances and current relationships with them, they have concluded that realization losses, if any, on balances outstanding at year-end would be immaterial. Therefore, there was no allowance for doubtful accounts as of December 31, 2023 and 2022. Fees and other receivable are uncollateralized.

**WASHINGTON LAWYERS' COMMITTEE FOR
CIVIL RIGHTS AND URBAN AFFAIRS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

Note 1. **Organization and Summary of Significant Accounting Policies** - (Continued)

Property and Equipment - Property and equipment are stated at cost, if purchased, and at fair value, if donated. All additions of equipment over \$2,500 with useful lives more than one year are capitalized. Depreciation is computed on the straight-line method based on estimated useful lives of three to five years. Leasehold improvements are amortized on the straight-line basis over the lease term. Maintenance and repairs are expensed in the year incurred.

Leases - WLC determines if an arrangement is a lease at the transition date. Operating lease right of use (ROU) assets and operating lease liabilities are recognized based on the present value of the remaining future minimum lease payments over the lease terms. The leases do not provide an implicit rate, management has decided to use the risk-free rate of return based on the three and five-year treasury average rate available at the transition dates in determining the present value of future lease payments. Management has also elected the practical expedient to not separate lease and non-lease components by class of underlying asset and is choosing to apply this expedient to all relevant asset classes. The leases do not include any non-lease components.

WLC has elected for all underlying classes of assets, to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of twelve months or less, but greater than one month at lease commencement. WLC's policy is to recognize lease cost associated with its short-term leases on a straight-line basis over the lease term.

Revenue Recognition - In accordance with Financial Accounting Standards Board's Accounting Standards Update 2014-09, *Revenue from Contracts with Customers (Topic 606)*, WLC recognizes revenues from contracts with customers when control of the promised goods or services is transferred to its customers in an amount that reflects the consideration WLC expects to be entitled to in exchange for those goods or services. Revenue from contracts with customers is reported as contracted services revenue in the statement of activities. The performance obligations are satisfied at the point in time when the service is provided to the customer.

**WASHINGTON LAWYERS' COMMITTEE FOR
CIVIL RIGHTS AND URBAN AFFAIRS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

Note 1. **Organization and Summary of Significant Accounting Policies - (Continued)**

Grants and contributions - Grants and contributions are recognized at the earlier of when the donors make promises to give WLC that are, in substance, unconditional or when they are received. Revenue from grants that are considered conditional contributions are recorded in the statement of activities as grants and contributions when the conditions have been met. Contributions are without donor restrictions unless specifically restricted by the donor for time or purpose. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Revenue from fellowship sponsorships that are considered to be conditional are reported in the statement of activities as fellowship subsidies and are recognized when the conditions are met and qualifying expenses are incurred under the terms of the fellowship agreements.

Legal Fees and Court Awards - Legal fees and court awards are compensation to WLC for the work of its attorneys and reimbursement of expenses incurred in connection with litigation. Revenue for these legal fees and court awards is recognized upon receipt of funds or upon receipt of award or settlement notification and collection is deemed certain, which is determined by management on a case-by-case basis.

Events Revenue - Events revenue is recognized in the period the event is held. Events revenue collected in advance are recorded as deferred revenue in the statement of financial position.

In-Kind Contributions - Donated services that create or enhance non-financial assets or that require specialized skills and would typically need to be purchased if not provided by donation, are recognized as in-kind contributions revenue in the statement of activities at their estimated fair values in the period received. Donated services have been recorded by the organization as program services revenue and expenses. There were no donor-imposed restrictions associated with the donated services.

Functional Expense Allocation - The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in detail by natural classification in the statement of functional expenses. Expenses directly attributable to specific functional areas are reported as expenses of those functional areas while indirect costs that benefit multiple functional areas have been allocated among the various functional areas benefitted based on a time and effort basis that is consistently applied. Allocated costs that benefitted multiple functional areas consisted primarily of occupancy, depreciation and amortization, insurance, printing and duplicating, office supplies, communications, and equipment rental and maintenance.

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Note 2. **Change in Accounting Principle** - WLC adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) 2016-13, *Financial Instruments – Credit Losses (Topic 326)*, which replaced the incurred loss impairment methodology with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. WLC adopted the Standard on January 1, 2023 using the modified retrospective approach. The adoption did not materially affect changes in net assets or financial position.

Note 3. **Liquidity and Availability** - The following represents the WLC's financial assets as of December 31:

| | 2023 | 2022 |
|--|--------------|--------------|
| Financial assets at year-end: | | |
| Cash and cash equivalents | \$ 1,568,294 | \$ 3,534,272 |
| Investments | 1,433,627 | - |
| Grants and contributions receivable | 1,085,624 | 1,244,496 |
| Accounts and other receivable | 47,101 | 29,167 |
| Total financial assets | \$ 4,134,646 | \$ 4,807,935 |
| Less amounts with restrictions: | | |
| Restricted by donors for purposes | 1,275,800 | 1,216,210 |
| Financial assets available to meet general expenditures within one year | \$ 2,858,846 | \$ 3,591,725 |

WLC has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet 90 days of normal operating expenses, which are, on average, approximately \$1,300,000. WLC has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, as part of its liquidity management, WLC maintains cash in excess of daily requirements in various liquid short-term investments, including laddered certificate of deposits and overnight sweep accounts.

WLC also has an investment policy to provide for the regular and continuous management of funds and invests funds not immediately needed to meet expenses with four primary types of investment funds: short term cash and highly liquid short-term instruments for current operating expenditures (Operating Fund), attorneys' fees and gift of attorneys' fees awards to be spent over a budgeted period of years (Attorney Fee Equalization Fund); longer term funds (Operating Reserve Fund) and long-term investments (Endowment.)

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DECEMBER 31, 2023**

Note 4. **Investments** – Investments consist of U.S. Treasury Notes and are reported at their fair values of \$1,433,627 as of December 31, 2023.

Investment income consisted of the following for the year ended December 31, 2023:

| | | |
|---------------------------------|----|-------------------|
| Interest income | \$ | 91,818 |
| Unrealized gains on investments | | 24,869 |
| Investment fees | | <u>(4,881)</u> |
| | | <u>\$ 111,806</u> |

Note 5. **Fair Value Measurements** - Accounting principles generally accepted in the United States of America establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below.

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or by other means.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets at fair value.

U.S. Treasury Notes - The fair values of U.S. Treasury Notes valued at the closing price reported in the active market in which the individual security is traded and are included in the Level 2 fair value hierarchy.

**WASHINGTON LAWYERS' COMMITTEE FOR
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Note 6. **Grants, Contributions and Fees Receivable** - Grants and contributions receivable represent promises to give which have been made by donors but have not yet been received by WLC. Fees receivable represents amounts due for attorney fees that have not yet been received at year end. Receivables which will not be received in the subsequent year have been discounted using an estimated rate of return which could be earned if such contributions had been made in the current year.

Grants and contributions receivable were as follows as of December 31:

| | <u>2023</u> | <u>2022</u> |
|---|---------------------|---------------------|
| Grants and contributions expected to be collected in: | | |
| Less than one year | \$ 1,085,624 | \$ 1,244,496 |
| One to five years | <u>-</u> | <u>8,000</u> |
| | \$ 1,085,624 | \$ 1,252,496 |
| Less, discount to present value | <u>-</u> | <u>(1,558)</u> |
| Net grants and contributions receivable | <u>\$ 1,085,624</u> | <u>\$ 1,250,938</u> |

Fees and other receivable were as follows as of December 31:

| | <u>2023</u> | <u>2022</u> |
|--|------------------|------------------|
| Fees and other receivable expected to be collected in: | | |
| Less than one year | <u>\$ 47,101</u> | <u>\$ 29,167</u> |

Note 7. **Property and Equipment** - Property and equipment consists of the following as of December 31:

| | <u>2023</u> | <u>2022</u> |
|---|-------------------|-------------------|
| Leasehold improvements | \$ 1,220,305 | \$ 1,220,305 |
| Furniture and equipment | 189,386 | 189,386 |
| Website and other | <u>31,000</u> | <u>31,000</u> |
| Total property and equipment | \$ 1,440,691 | \$ 1,440,691 |
| Less, accumulated depreciation and amortization | <u>786,490</u> | <u>621,326</u> |
| Net property and equipment | <u>\$ 654,201</u> | <u>\$ 819,365</u> |

Depreciation expense for the years ended December 31, 2023 and 2022 was \$165,165 and \$167,028, respectively. Amortization expense on financed leased asset for the year ended December 31, 2023 was \$3,120.

**WASHINGTON LAWYERS' COMMITTEE FOR
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Note 8. Revenue Recognition

Disaggregation of Revenue

WLC's contract services revenue is local in nature and uncertainty of payment is mitigated through payment terms agreed upon during contract signing.

The following shows WLC's revenue disaggregated according to the timing of transfer of goods and services for the years ended December 31:

| | <u>2023</u> | <u>2022</u> |
|-------------------------------|---------------------|---------------------|
| Recognized at a point in time | \$ 1,129,042 | \$ 1,080,360 |
| Recognized over time | <u>-</u> | <u>-</u> |
| Total | <u>\$ 1,129,042</u> | <u>\$ 1,080,360</u> |

Contract Balances

The following shows WLC's contract assets as of December 31:

| | <u>2023</u> | <u>2022</u> |
|------------------------|-------------|------------------|
| Contract assets | \$ 30,434 | \$ 10,180 |
| Contract liabilities: | | |
| Deferred event revenue | <u>\$ -</u> | <u>\$ 15,000</u> |

Performance Obligations

Performance obligations for contract services and event revenue are satisfied at the point in time in which the services are provided and the event taking place.

Significant Judgments

There are no significant judgments pertaining to contract services revenue that are significant to the financial statements.

Note 9. Leasing arrangements - WLC has operating and finance leases for office space and equipment expiring at various times through 2028. The operating lease agreements do not contain material residual value guarantees or impose restrictions or covenants. As of December 31, 2023, WLC has not entered into any new lease agreements for the subsequent year-end. Leases that contain options to extend at the discretion of WLC's management have not been included in the measurement of the lease assets and liabilities due to the uncertainty of exercising the option. As of December 31, 2023 and 2022, WLC reported \$2,639,472 and \$3,177,892 of operating lease right-of-use assets, and \$3,869,148 and \$4,581,796 of operating lease liabilities on the statement of financial position, respectively.

**WASHINGTON LAWYERS' COMMITTEE FOR
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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

Note 9. **Leasing arrangements** - (Continued)

Additionally, as of December 31, 2023, WLC reported \$18,722 of finance lease right-of-use asset, and \$18,971 of finance lease liability on the statement of financial position.

The components of lease expense for the years ended December 31:

| | <u>2023</u> | <u>2023</u> |
|---|-------------------|-------------------|
| Operating lease cost - Office | \$ 578,475 | \$ 576,824 |
| Operating lease cost - Equipment | 19,200 | 22,882 |
| Operating variable lease cost | 2,662 | 922 |
| Finance lease cost - Equipment | | |
| Amortization of ROU asset | \$ 3,120 | \$ - |
| Interest on lease liability | 560 | - |
| Total finance cost | <u>\$ 3,680</u> | <u>\$ -</u> |
| Total lease cost | <u>\$ 604,017</u> | <u>\$ 600,628</u> |
| | | |
| Weighted Average Remaining lease Term - Operating | 4.83 | 5.8 |
| Weighted Average Remaining lease Term - Finance | 4.50 | - |
| Weighted Average Discount Rate (operating lease) | 1.55% | 1.54% |
| Weighted Average Discount Rate (finance lease) | 3.63% | - |

The following summarizes the cash flow information related to operating and finance leases for the years ended December 31:

| | <u>2023</u> | <u>2023</u> |
|---|-------------------|-------------------|
| Operating cash flows for operating leases | \$ 770,252 | \$ 748,536 |
| Operating cash flows for finance lease | 3,432 | - |
| Total operating cash flows for leases | <u>\$ 773,684</u> | <u>\$ 748,536</u> |

**WASHINGTON LAWYERS' COMMITTEE FOR
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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

Note 9. **Leasing arrangements** - (Continued)

Future minimum lease payments on the operating and finance leases as of December 31, 2023, are as follows:

| Year | Office Lease | Equipment - Operating | Equipment - Finance | Total |
|-------------------------------------|--------------------|--------------------------|------------------------|---------------------|
| 2024 | \$ 777,339 | \$ 4,800 | \$ 4,576 | \$ 786,715 |
| 2025 | 804,545 | - | 4,576 | 809,121 |
| 2026 | 832,705 | - | 4,576 | 837,281 |
| 2027 | 861,849 | - | 4,576 | 866,425 |
| 2028 | 741,219 | - | 2,287 | 743,506 |
| Total future minimum lease payments | \$4,017,657 | \$ 4,800 | \$ 20,591 | \$ 4,043,048 |
| Less imputed interest | (153,303) | (6) | (1,620) | (154,929) |
| Total lease obligations | \$3,864,354 | \$ 4,794 | \$ 18,971 | \$ 3,888,119 |
| Less current obligations | (722,509) | (4,794) | (4,263) | (731,566) |
| Long term lease obligations | <u>\$3,141,845</u> | <u>\$ -</u> | <u>\$ 14,708</u> | <u>\$ 3,156,553</u> |

Note 10. **Retirement Plans** - WLC maintains two retirement plans for its employees, a 401(k) plan and a 403(b) plan. Employees are eligible to participate in the 401(k) plan after completing one year of service. Eligibility for the 403(b) plan is at the time of employment and allows for employee deferrals. WLC provides for a discretionary contribution to the 401(k) plan based on each participant's compensation. For the years ending December 31, 2023 and 2022, contributions to the 401(k) plan were \$102,424 and \$112,122, respectively.

Note 11. **Donated Services** - For the years ended December 31, 2023 and 2022, WLC received \$21,775,928 and \$27,091,304, respectively, of donated services that consisted of legal and consulting services to support its program services. Donated services are valued at the estimated fair value of services provided by the contributing organization and are typically based on that organization's standard hourly billing rates. Donated services were allocated one hundred percent to programs.

Note 12. **Concentration of Credit Risk** - Financial instruments which potentially subject WLC to concentrations of credit risk include cash deposits with investment advisors, as well as deposits with financial institutions which, at times during the year, may exceed the limit of coverage by the Federal Deposit Insurance Corporation. Management believes the risk to be minimal. As of December 31, 2023, there was \$73,021 in excess of these limits.

**WASHINGTON LAWYERS' COMMITTEE FOR
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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

Note 13. **Net Assets with Donor Restrictions** - Net assets with donor restrictions were for the following purposes at December 31:

| | 2023 | 2022 |
|--|--------------|--------------|
| Subject to expenditure for specific purpose: | | |
| Housing justice project | \$ 416,238 | \$ 402,500 |
| Employment justice and workers rights | 356,060 | 349,500 |
| Pro bono breakfast | 115,880 | 111,760 |
| Disability rights project | - | 96,250 |
| Prisoners' rights | 149,170 | 85,000 |
| Oberdorfer Fund | 63,452 | 46,200 |
| Subtotal | \$ 1,100,800 | \$ 1,091,210 |
| Subject to passage of time: | | |
| Amounts received for future operations | 175,000 | 125,000 |
| Total | \$ 1,275,800 | \$ 1,216,210 |

Note 14. **Related Party** - WLC leases office space from a law firm where one of its governing members is a partner. Total amount paid to this firm for the years ended December 31, 2023 and 2022 was \$753,198 and \$725,654, respectively.

Note 15. **Commitments** - WLC has entered into an agreement with a hotel relating to the annual awards luncheon. The agreement includes a cancellation penalty and obligates WLC to spend certain minimums on food and beverage.

Note 16. **Subsequent Events** - In preparation of these financial statements, WLC has evaluated events and transactions for potential recognition or disclosure through September 18, 2024, which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

**WASHINGTON LAWYERS' COMMITTEE FOR
CIVIL RIGHTS AND URBAN AFFAIRS, INC.
SCHEDULES OF ACTIVITIES
(WITHOUT DONATED SERVICES)**

| | FOR THE YEARS ENDED DECEMBER 31, | | | | | |
|--|----------------------------------|----------------------------|---------------------|-------------------------------|----------------------------|---------------------|
| | 2023 | | | 2022 | | |
| | Without Donor Restrictions | With Donor Restrictions | Total | Without Donor Restrictions | With Donor Restrictions | Total |
| SUPPORT, REVENUES AND GAINS: | | | | | | |
| Grants and contributions | \$ 1,903,531 | \$ 1,162,580 | \$ 3,066,111 | \$ 937,082 | \$ 1,194,750 | \$ 2,131,832 |
| Annual events | 1,044,085 | - | 1,044,085 | 1,038,400 | - | 1,038,400 |
| Less, direct benefits to donors | (101,144) | - | (101,144) | (119,377) | - | (119,377) |
| Legal fees and court awards | 410,957 | - | 410,957 | 399,835 | - | 399,835 |
| Fellowship subsidies | - | 58,500 | 58,500 | - | 92,417 | 92,417 |
| Contracted services revenue | 84,957 | - | 84,957 | 41,960 | - | 41,960 |
| Investment income, net | 105,591 | 6,215 | 111,806 | 31,464 | 1,798 | 33,262 |
| Interest and other income | 7,353 | - | 7,353 | 4 | - | 4 |
| Net assets released from restrictions | 1,167,705 | (1,167,705) | - | 1,040,773 | (1,040,773) | - |
| TOTAL SUPPORT, REVENUES AND GAINS | <u>\$ 4,623,035</u> | <u>\$ 59,590</u> | <u>\$ 4,682,625</u> | <u>\$ 3,370,141</u> | <u>\$ 248,192</u> | <u>\$ 3,618,333</u> |
| EXPENSES: | | | | | | |
| Program service | \$ 3,495,994 | \$ - | \$ 3,495,994 | \$ 3,305,421 | \$ - | \$ 3,305,421 |
| Supporting services: | | | | | | |
| Management and general | 1,236,215 | - | 1,236,215 | 767,128 | - | 767,128 |
| Fundraising | 609,566 | - | 609,566 | 485,575 | - | 485,575 |
| TOTAL EXPENSES | <u>\$ 5,341,775</u> | <u>\$ -</u> | <u>\$ 5,341,775</u> | <u>\$ 4,558,124</u> | <u>\$ -</u> | <u>\$ 4,558,124</u> |
| CHANGES IN NET ASSETS | \$ (718,740) | \$ 59,590 | \$ (659,150) | \$ (1,187,983) | \$ 248,192 | \$ (939,791) |
| NET ASSETS, BEGINNING OF YEAR | <u>2,911,102</u> | <u>1,216,210</u> | <u>4,127,312</u> | <u>4,099,085</u> | <u>968,018</u> | <u>5,067,103</u> |
| NET ASSETS, END OF YEAR | <u>\$ 2,192,362</u> | <u>\$ 1,275,800</u> | <u>\$ 3,468,162</u> | <u>\$ 2,911,102</u> | <u>\$ 1,216,210</u> | <u>\$ 4,127,312</u> |

**WASHINGTON LAWYERS' COMMITTEE FOR
CIVIL RIGHTS AND URBAN AFFAIRS, INC.
SCHEDULE OF EXPENDITURES OF DISTRICT OF COLUMBIA AND FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023**

| DISTRICT OF COLUMBIA/FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE | DISTRICT OF COLUMBIA/ FEDERAL CFDA/ ASSISTANCE LISTING NUMBER | PASS-THROUGH ENTITY IDENTIFYING NUMBER | TOTAL DISTRICT OF COLUMBIA/ FEDERAL EXPENDITURES |
|---|--|---|---|
| <u>Non-Federal Awards</u> | | | |
| <u>Office of Victim Services and Justice Grants of the District of Columbia:</u> | | | |
| <i>Pass-through programs from District of Columbia Bar Foundation:</i> | | | |
| Access to Justice Initiative: | | | |
| Housing Justice | N/A | 23-ATJ-2022-1355 | \$ 201,250 |
| Employment Justice | N/A | 23-ATJ-2022-1340 | 166,250 |
| Disability Rights | N/A | 23-ATJ-2022-1325 | 48,125 |
| Total Office of Victim Services and Justice Grants of the District of Columbia | | | \$ 415,625 |
| <u>Federal Awards:</u> | | | |
| <u>U.S. Department of the Treasury:</u> | | | |
| <i>Pass-through programs from District of Columbia Bar Foundation:</i> | | | |
| Coronavirus State and Local Fiscal Recovery Funds: | | | |
| COVID-19 Access to Justice Initiative: | | | |
| Housing Justice | 21.027 | 23-ATJ-2022-1355 | \$ 201,250 |
| Employment Justice | 21.027 | 23-ATJ-2022-1340 | 166,250 |
| Disability Rights | 21.027 | 23-ATJ-2022-1325 | 48,125 |
| Total Coronavirus State and Local Fiscal Recovery Funds | | | \$ 415,625 |
| Total U.S. Department of the Treasury | | | \$ 415,625 |
| TOTAL EXPENDITURES OF DISTRICT OF COLUMBIA AND FEDERAL AWARDS | | | \$ 831,250 |

See accompanying notes to Schedule of Expenditures of District of Columbia and Federal Awards

**WASHINGTON LAWYERS' COMMITTEE FOR
CIVIL RIGHTS AND URBAN AFFAIRS, INC.**

**NOTES TO SCHEDULE OF EXPENDITURES OF DISTRICT OF COLUMBIA AND
FEDERAL AWARDS**

FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of District of Columbia and federal awards (the Schedule) includes the District of Columbia and federal award activity of Washington Lawyers' Committee For Civil Rights and Urban Affairs under programs of the District of Columbia and federal government for the year ended December 31, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Washington Lawyers' Committee For Civil Rights and Urban Affairs, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Washington Lawyers' Committee For Civil Rights and Urban Affairs.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE C - SUBRECIPIENTS

Washington Lawyers' Committee For Civil Rights and Urban Affairs did not provide District of Columbia or federal awards to any subrecipients during the year ended December 31, 2023.

NOTE D - INDIRECT COST RATE

Washington Lawyers' Committee For Civil Rights and Urban Affairs has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE E - CFDA AND GRANT AWARD NUMBERS

Some of Washington Lawyers' Committee For Civil Rights and Urban Affairs' awards are not related to, or passed-through from, federal programs. Therefore, Assistance Listing Numbers (ALN) are not applicable to District of Columbia awards because they are not federal programs.

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Directors
Washington Lawyers' Committee for Civil Rights and Urban Affairs

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audit contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Washington Lawyers' Committee for Civil Rights and Urban Affairs (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 18, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Washington Lawyers' Committee for Civil Rights and Urban Affairs' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Washington Lawyers' Committee for Civil Rights and Urban Affairs' internal control. Accordingly, we do not express an opinion on the effectiveness of Washington Lawyers' Committee for Civil Rights and Urban Affairs' internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Washington Lawyers' Committee for Civil Rights and Urban Affairs' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Washington Lawyers' Committee for Civil Rights and Urban Affairs' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Washington Lawyers' Committee for Civil Rights and Urban Affairs' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Sarpino and Rhodes, LLP

September 18, 2024

Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

To the Board of Directors
Washington Lawyers' Committee for Civil Rights and Urban Affairs

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Washington Lawyers' Committee for Civil Rights and Urban Affairs' compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Washington Lawyers' Committee for Civil Rights and Urban Affairs' major federal and District of Columbia programs for the year ended December 31, 2023. Washington Lawyers' Committee for Civil Rights and Urban Affairs' major federal and District of Columbia program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Washington Lawyers' Committee for Civil Rights and Urban Affairs complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audit contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Washington Lawyers' Committee for Civil Rights and Urban Affairs and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal and District of Columbia program. Our audit does not provide a legal determination of Washington Lawyers' Committee for Civil Rights and Urban Affairs' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Washington Lawyers' Committee for Civil Rights and Urban Affairs' District of Columbia and federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Washington Lawyers' Committee for Civil Rights and Urban Affairs' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Washington Lawyers' Committee for Civil Rights and Urban Affairs' compliance with the requirements of each major District of Columbia or federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Washington Lawyers' Committee for Civil Rights and Urban Affairs' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding Washington Lawyers' Committee for Civil Rights and Urban Affairs' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Washington Lawyers' Committee for Civil Rights and Urban Affairs' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a District of Columbia or federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a District of Columbia or federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a District of Columbia or federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Sarpino and Rhodes, LLP

September 18, 2024

**WASHINGTON LAWYERS' COMMITTEE FOR
CIVIL RIGHTS AND URBAN AFFAIRS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

Summary of Auditors' Results

1. The auditors' report expresses an unmodified opinion on whether the financial statements of Washington Lawyers' Committee for Civil Rights and Urban Affairs were prepared in accordance with GAAP.
2. No significant deficiencies or material weaknesses were disclosed during the audit of the financial statements.
3. No instances of non-compliance material to the financial statements of Washington Lawyers' Committee for Civil Rights and Urban Affairs of the District of Columbia, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies or material weaknesses in internal control over the major federal program were disclosed during the audit.
5. The auditors' report on compliance for the major federal award program for Washington Lawyers' Committee for Civil Rights and Urban Affairs expresses an unmodified opinion on the major federal program.
6. Audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) are reported in this Schedule.
7. The program tested as a major program was:

CFDA/Assistance

| <u>Listing Number</u> | <u>Name of Federal or District of Columbia Programs or Contract</u> |
|-----------------------|---|
|-----------------------|---|

21.027

Coronavirus State and Local Fiscal Recovery Funds

8. The threshold used for distinguishing between Types A and B programs was \$750,000.
9. Washington Lawyers' Committee for Civil Rights and Urban Affairs was not determined to be a low-risk auditee.

Findings - Financial Statement Audit

No matters were reported.

Findings and Questioned Costs - Major Federal Award Program Audit

No matters were reported.