

**LAWYERS WITHOUT BORDERS, INC.**  
(a Nonprofit Corporation)

Financial Statements and Supplementary Information  
for the Years Ended December 31, 2020 and 2019  
and Independent Auditor's Report

**Lawyers Without Borders, Inc.**  
(A Nonprofit Corporation)

Financial Statements

December 31, 2020 and 2019

**CONTENTS**

<b>Independent Auditor's Report</b>	1
<b>Financial Statements:</b>	
Statements of Financial Position	3
Statements of Activities and Changes in Net Assets	4
Statements of Functional Expenses	5
Statements of Cash Flows	7
Notes to the Financial Statements	8
<b>Supplementary Information:</b>	
Schedule of Expenditures of Federal Awards	16
Notes to the Schedule of Expenditures of Federal Awards	17
<b>Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance in Accordance with The Uniform Guidance</b>	18
Schedule of Findings and Questioned Costs	20

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Lawyers Without Borders, Inc.  
New Haven, Connecticut

***Report on the Financial Statements***

We have audited the accompanying financial statements of Lawyers Without Borders, Inc. (a nonprofit Connecticut corporation) which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

***Management's Responsibility 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; this includes 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.

***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lawyers Without Borders, Inc. as of December 31, 2020 and 2019, and the change in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and is 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, the Schedule of Expenditures of Federal Awards is 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 November 29, 2021 on our consideration of Lawyers Without Borders, Inc.'s 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 Lawyers Without Borders, Inc.'s 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 Lawyers Without Borders, Inc.'s internal control over financial reporting and compliance.

*Federman, Lally & Remis LLC*

Certified Public Accountants  
Farmington, Connecticut  
November 29, 2021

**LAWYERS WITHOUT BORDERS, INC.****STATEMENTS OF FINANCIAL POSITION****December 31, 2020 and 2019**

<u><b>ASSETS</b></u>		
	<u>2020</u>	<u>2019</u>
CURRENT ASSETS:		
Cash	\$ 610,631	\$ 181,300
Grants receivable	498,705	184,197
Prepaid expenses and other current assets	<u>17,297</u>	<u>17,824</u>
TOTAL CURRENT ASSETS	<u>1,126,633</u>	<u>383,321</u>
FURNITURE AND EQUIPMENT, NET	39,202	57,290
OTHER ASSETS:		
Due from affiliate	9,311	9,130
Security deposits	<u>3,750</u>	<u>3,750</u>
TOTAL OTHER ASSETS	<u>13,061</u>	<u>12,880</u>
TOTAL ASSETS	<u>\$ 1,178,896</u>	<u>\$ 453,491</u>
<u><b>LIABILITIES AND NET ASSETS</b></u>		
CURRENT LIABILITIES:		
Accrued expenses	\$ 51,438	\$ 89,181
Paycheck Protection Program loan	174,460	-
Current portion of capital lease payable	<u>8,331</u>	<u>7,886</u>
TOTAL CURRENT LIABILITIES	<u>234,229</u>	<u>97,067</u>
LONG-TERM LIABILITIES		
Capital lease payable, net of current portion	<u>23,761</u>	<u>32,092</u>
TOTAL LONG-TERM LIABILITIES	<u>23,761</u>	<u>32,092</u>
TOTAL LIABILITIES	257,990	129,159
NET ASSETS:		
Without donor restrictions	503,124	249,245
With donor restrictions	<u>417,782</u>	<u>75,087</u>
TOTAL NET ASSETS	<u>920,906</u>	<u>324,332</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,178,896</u>	<u>\$ 453,491</u>

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



**LAWYERS WITHOUT BORDERS, INC.**

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**For the Years Ended December 31, 2020 and 2019**

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT:						
In-kind contributions	\$ 4,014,234	\$ -	\$ 4,014,234	\$ 2,910,103	\$ -	\$ 2,910,103
Grants	846,751	-	846,751	1,427,977	-	1,427,977
Non-federal funded grant income	106,150	-	106,150	-	-	-
Contributions	522,985	525,894	1,048,879	310,445	91,412	401,857
Other income	118	-	118	240	-	240
Total revenues and support	5,490,238	525,894	6,016,132	4,648,765	91,412	4,740,177
Net assets released from restriction, satisfaction of time restrictions	183,199	(183,199)	-	162,495	(162,495)	-
TOTAL OPERATING REVENUES	5,673,437	342,695	6,016,132	4,811,260	(71,083)	4,740,177
EXPENSES:						
Program expenses	(4,267,936)	-	(4,267,936)	(3,830,016)	-	(3,830,016)
Management and general expenses	(1,149,735)	-	(1,149,735)	(925,132)	-	(925,132)
Total expenses	(5,417,671)	-	(5,417,671)	(4,755,148)	-	(4,755,148)
OPERATING SURPLUS (DEFICIT)	255,766	342,695	598,461	56,112	(71,083)	(14,971)
NON-OPERATING ACTIVITIES:						
Interest expense	(2,002)	-	(2,002)	(2,308)	-	(2,308)
Interest income	115	-	115	32	-	32
Total non-operating activities	(1,887)	-	(1,887)	(2,276)	-	(2,276)
CHANGE IN NET ASSETS	253,879	342,695	596,574	53,836	(71,083)	(17,247)
NET ASSETS, beginning of year	249,245	75,087	324,332	195,409	146,170	341,579
NET ASSETS, end of year	\$ 503,124	\$ 417,782	\$ 920,906	\$ 249,245	\$ 75,087	\$ 324,332

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

## LAWYERS WITHOUT BORDERS, INC.

STATEMENT OF FUNCTIONAL EXPENSES  
For the Year Ended December 31, 2020

	Program												Total Program	Management and General	Total
	Federal							Non-Federal							
	CESTI	Tanzania Tip-Tan	WICRI	Verite Kenya	Leitner	Atlas	Jamaica CPC	TATIL	PPA	Non-Grant Programs					
Salaries	\$ 60,623	\$ 102,084	\$ 102,911	\$ 11,663	\$ 5,428	\$ 102,900	\$ 26,603	\$ 3,716	\$ 4,321	\$ -		420,249	\$ 402,437	\$ 822,686	
Travel	30,645	17,740	22,656	4,364	1,252	2,893	5,322	-	-	-		84,872	1,045	85,917	
Miscellaneous	17,480	786	244	-	-	-	-	-	-	-		18,510	29,847	48,357	
Equipment	16,381	-	-	-	-	-	-	-	-	-		16,381	-	16,381	
Supplies and training materials	33,273	17,452	631	131	-	-	3,495	-	-	-		54,982	4,698	59,680	
Outside services	42,177	10,439	13,514	3,047	237	1,217	-	-	1,935	-		72,566	21,877	94,443	
Employee benefit and payroll taxes	9,093	11,229	15,159	-	801	12,297	3,179	547	-	-		52,305	54,927	107,232	
Rent and leased equipment	-	-	-	-	-	-	-	-	-	-		-	49,910	49,910	
Printing and copying	778	1,194	72	121	-	53	602	-	-	-		2,820	9,814	12,634	
Project expense	7,069	2,703	5,970	-	-	-	3,806	-	-	-		19,548	-	19,548	
Postage and shipping	818	2,902	170	57	-	-	640	-	-	-		4,587	1,307	5,894	
Professional fees	1,350	2,500	2,200	-	-	1,650	2,500	-	-	-		10,200	39,018	49,218	
Depreciation	-	-	-	-	-	-	-	-	-	-		-	18,088	18,088	
Insurance	-	-	-	-	-	-	-	-	-	-		-	3,401	3,401	
Website hosting	-	-	-	-	-	-	-	-	-	-		-	4,334	4,334	
Bank fees	1,217	557	805	184	-	29	-	-	-	-		2,792	854	3,646	
Property taxes	-	-	-	-	-	-	-	-	-	-		-	1,951	1,951	
Dues and subscriptions	-	-	-	-	-	-	-	-	-	-		-	119	119	
	220,904	169,586	164,332	19,567	7,718	121,039	46,147	4,263	6,256	-		759,812	643,627	1,403,439	
In-kind legal services	121,952	781,212	911,947	132,340	-	1,399,787	19,532	-	218	141,136		3,508,124	342,832	3,850,956	
In-kind rental expense	-	-	-	-	-	-	-	-	-	-		-	163,276	163,276	
Total expenses	\$ 342,856	\$ 950,798	\$ 1,076,279	\$ 151,907	\$ 7,718	\$ 1,520,826	\$ 65,679	\$ 4,263	\$ 6,474	\$ 141,136		4,267,936	\$ 1,149,735	\$ 5,417,671	

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

## LAWYERS WITHOUT BORDERS, INC.

STATEMENT OF FUNCTIONAL EXPENSES  
For the Year Ended December 31, 2019

	Program											Total Program	Management and General	Total
	Federal													
	CESTI	Tanzania Tip-Tan	Winrock	CEASE	WICRI	Verite Kenya	Leitner	Atlas	Other International	Jamaica CPC				
Salaries	\$ 136,631	\$ 78,444	\$ 21,665	\$ 17,670	\$ 140,980	\$ 25,367	\$ -	\$ 51,148	\$ -	\$ 40,046	\$ 511,951	\$ 328,583	\$ 840,534	
Travel	118,876	12,848	14,783	743	181,865	6,185	6,642	-	-	7,799	349,741	19,197	368,938	
Miscellaneous	2,270	435	-	789	1,366	0	0	129	-	-	4,989	31,473	36,462	
Supplies and training materials	18,738	419	-	7,758	29,286	189	948	-	-	427	57,765	11,021	68,786	
Outside services	65,602	28,455	-	2,958	29,209	4,224	-	-	-	-	130,448	19,616	150,064	
Employee benefit and payroll taxes	20,495	8,629	2,589	1,842	20,766	-	-	6,112	-	4,785	65,218	45,627	110,845	
Rent and leased equipment	-	-	-	-	-	-	-	-	-	-	-	48,814	48,814	
Printing and copying	3,036	2,868	128	101	3,334	237	-	183	-	262	10,149	7,193	17,342	
Project expense	22,885	1,980	5,671	-	79,054	-	2,102	-	-	4,225	115,917	-	115,917	
Postage and shipping	2,786	2,546	577	139	5,772	16	1,083	-	-	475	13,394	4,339	17,733	
Professional fees	1,350	2,500	-	1,750	2,200	-	-	-	-	-	7,800	28,368	36,168	
Depreciation	-	-	-	-	-	-	-	-	-	-	-	15,153	15,153	
Insurance	-	-	-	-	-	-	-	-	-	-	-	2,876	2,876	
Website hosting	-	-	-	-	-	-	-	-	-	-	-	6,747	6,747	
Bank fees	2,070	448	-	195	4,640	-	82	-	-	-	7,435	928	8,363	
Property taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	
Dues and subscriptions	-	-	-	-	-	-	-	-	-	-	-	302	302	
	394,739	139,572	45,413	33,945	498,472	36,218	10,857	57,572	-	58,019	1,274,807	570,237	1,845,044	
In-kind legal services	659,386	260,478	12,180	-	937,669	119,756	-	29,928	410,488	125,324	2,555,209	172,645	2,727,854	
In-kind rental expense	-	-	-	-	-	-	-	-	-	-	-	182,250	182,250	
Total expenses	\$ 1,054,125	\$ 400,050	\$ 57,593	\$ 33,945	\$ 1,436,141	\$ 155,974	\$ 10,857	\$ 87,500	\$ 410,488	\$ 183,343	\$ 3,830,016	\$ 925,132	\$ 4,755,148	

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



**LAWYERS WITHOUT BORDERS, INC.**

**STATEMENTS OF CASH FLOWS**

**For the Years Ended December 31, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Increase (decrease) in net assets	\$ 596,574	\$ (17,247)
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Depreciation expense	18,088	15,153
Changes in operating assets and liabilities:		
Grants receivable	(314,508)	(14,183)
Prepaid expenses and other current assets	527	(2,994)
Due from affiliate	(181)	(3,374)
Accrued expenses	<u>(37,743)</u>	<u>21,308</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>262,757</u>	<u>(1,337)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of furniture and equipment	<u>-</u>	<u>(1,250)</u>
<b>NET CASH USED BY INVESTING ACTIVITIES</b>	<u>-</u>	<u>(1,250)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from Paycheck Protection Program loan	174,460	-
Advances from related party	-	100,000
Repayments to related party	-	(100,000)
Repayments of capital lease payable	<u>(7,886)</u>	<u>(5,022)</u>
<b>NET CASH USED BY FINANCING ACTIVITIES</b>	<u>166,574</u>	<u>(5,022)</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	429,331	(7,609)
<b>CASH, beginning of year</b>	<u>181,300</u>	<u>188,909</u>
<b>CASH, end of year</b>	<u>\$ 610,631</u>	<u>\$ 181,300</u>

**SUPPLEMENTARY DISCLOSURES**

Operating activities reflect:

Interest paid	\$ 2,002	\$ 2,308
---------------	----------	----------

Non-cash investing and financing activities:

Purchase of office equipment through capital lease payable	-	45,000
--	---	--------

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

## **LAWYERS WITHOUT BORDERS, INC.**

### **NOTES TO THE FINANCIAL STATEMENTS** **For the Years Ended December 31, 2020 and 2019**

---

#### **NOTE 1 - NATURE OF ACTIVITIES:**

##### Nature of Activities

Lawyers Without Borders, Inc. (the "Organization") was organized in Connecticut in March 2000 as a nonprofit corporation for the purpose of providing legal support to Rule of Law projects and initiatives in the human rights and nation building sectors at low or significant discounted costs around the globe. Lawyers Without Borders, Inc. has offices in Connecticut and Washington, D.C.

#### **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

##### Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP") as applicable to not-for-profit organizations.

##### Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets: without donor restriction and with donor restriction. They are described as follows:

Without Donor Restrictions - Net assets that are not subject to explicit donor-imposed stipulations. Net assets without donor restriction may be designated for specific purposes by action of the Board of Directors. At December 31, 2020 and 2019, the organization had net assets without donor restriction of \$503,124 and \$249,245, respectively.

With Donor Restrictions - Net assets whose use by the Organization is subject to either explicit donor-imposed stipulations or by operation of law that can be fulfilled by actions of the Organization or that expire by the passage of time. At December 31, 2020 and 2019, the organization had net assets with donor restriction of \$417,782 and \$75,087, respectively. The Organization does not have any net assets that carry permanent donor restrictions or endowment funds.

##### Income Tax Status

The Organization was organized as a nonprofit corporation as described under Section 501(c)(3) of the Internal Revenue Code and, as such, is not subject to federal and state income taxes. Therefore, no tax provision is reflected in the accompanying financial statements.

Under ASC 740, "Income Taxes," an organization must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more likely than not that the position will not be sustained upon examination by a taxing authority. The Organization does not believe it has taken any uncertain tax positions and, accordingly has not recorded any unrecognized tax benefits at December 31, 2020 and 2019. The Organization's federal information returns prior to calendar year 2017 are closed and management continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings.

## **LAWYERS WITHOUT BORDERS, INC.**

### **NOTES TO THE FINANCIAL STATEMENTS For the Years Ended December 31, 2020 and 2019**

---

If the Organization had unrelated business income taxes, it would recognize interest and penalties associated with any tax matters as part of the income tax provision and include interest and penalties with the related tax liability in the statements of financial position. For the years ended December 31, 2020 and 2019, there were no interest or penalties recorded or included in the statements of activities and changes in net assets.

#### Cash

For purposes of the statements of cash flows, the Organization considers all temporary cash investments with a maturity of three months or less to be cash equivalents.

#### Revenue Recognition

Contributions received are recorded as with donor restriction or without donor restriction support depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restriction if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restriction. When a restriction expires, (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statements of activities as net assets released from restrictions.

Grants that are not accounted for as contributions are recorded as receivables in the period the commitment is made by the grantor and are deemed to be earned and reported as revenue and support when the Organization has expended funds which meet the grant's specific restrictions. Unexpended amounts would be classified as deferred revenue in the financial statements.

#### Contributed Services and Facilities

The Organization recognizes donated services if they create or enhance nonfinancial assets or require specialized skills and would typically be purchased if not provided by donation. General volunteer services do not meet these criteria for recognition in the financial statements. However, a substantial number of volunteers have donated significant amounts of time to the Organization's programs. During the years ended December 31, 2020 and 2019, the number of contributed hours of service by stipend attorneys and other professionals was approximately 8,900 and 6,400 hours, respectively.

Contributed services and donated facilities are reflected at their fair value at date of donation (See Note 5).

#### Furniture and Equipment

Furniture and equipment are stated at cost less accumulated depreciation. The Organization capitalizes all expenditures for furniture and equipment in excess of \$1,000. Donated furniture and equipment are recorded at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the assets' estimated lives.

## LAWYERS WITHOUT BORDERS, INC.

### NOTES TO THE FINANCIAL STATEMENTS For the Years Ended December 31, 2020 and 2019

---

Estimated lives for financial reporting purposes are as follows:

<u>Assets</u>	<u>Estimated Lives</u>
Furniture and equipment	5 - 7 years

Expenditures for repairs and maintenance are charged to expense as incurred. For assets sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in changes in net assets for the period.

The Organization reviews the carrying value of furniture and equipment for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. The factors considered by management in performing this assessment include current operating results, trends, and prospects, as well as the effects of obsolescence, demand, competition, and other economic factors. No impairment losses were recognized for the fiscal years ended December 31, 2020 and 2019.

#### Donations of Furniture and Equipment

The Organization reports donations of furniture and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Donations of furniture and equipment with explicit restrictions that specify how the assets are to be used and donations of cash or other assets that must be used to acquire furniture and equipment are reported as restricted support. Absent explicit donor stipulations about how those assets must be maintained, the Organization reports expirations of donor restrictions when the assets are placed in service.

#### Expenses by Function

The costs of providing various programs and activities have been summarized on a functional basis in the accompanying statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited, based on estimates developed by management or as defined by the grant. Total amount allocated for the years ended December 31, 2020 and 2019 were \$110,232 and \$164,257, respectively.

#### Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount 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 reported period. Actual results could differ from these estimates.

#### Concentration of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and receivables. The Organization maintains its cash with high-credit quality financial institutions. The Organization has not experienced any losses in such accounts. During the

## LAWYERS WITHOUT BORDERS, INC.

### NOTES TO THE FINANCIAL STATEMENTS For the Years Ended December 31, 2020 and 2019

---

years ending December 31, 2020 and 2019, the Organization had no cash balances that exceeded the federally insured limits.

Receivables are reviewed by management for collectability based on past history and current economic conditions. Management deems all receivables to be collectable.

#### Fair Value of Financial Instruments

The Organization's financial instruments are cash, accounts receivable, accounts payable and capital lease payable. The recorded values of cash, accounts receivable and accounts payable approximate their fair values based on their short-term nature. The capital lease payable approximates its fair value as interest approximates market rates (See Note 4).

#### New Accounting Pronouncements

##### *Recently Issued Accounting Pronouncements*

In May 2014, the FASB issued ASU 2014-09 – Revenue from Contracts with Customers (Topic 606). The core principle of the guidance is that an entity should recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This guidance is effective for fiscal years beginning after December 15, 2018. This guidance is effective for the year ended December 31, 2019. The adoption of this ASU had no impact on the Organization's financial statements.

##### *Pronouncements Effective in the Future*

In February 2016, the FASB issued ASU 2016-02 – Leases (Topic 842). The amendments in this update will supersede much of the existing authoritative guidance for leases. This guidance requires lessees, among other things, to recognize right-of-use assets and liabilities on their balance sheet for all leases with lease terms longer than twelve months. The amendments in the update are effective for fiscal years beginning after December 15, 2021 with early application permitted. The Organization is currently evaluating the impact of this update on its financial statements.

#### Subsequent Events

The Organization has evaluated events and transactions for potential recognition or disclosure through November XX, 2021, which is the date the financial statements were available to be released.

### **NOTE 3 - FURNITURE AND EQUIPMENT**

Furniture and equipment at December 31, 2020 and 2019 consisted of the following:

	<u>2020</u>	<u>2019</u>
Furniture and equipment	\$ 125,092	\$ 125,092
Less: accumulated depreciation	85,890	67,802
Furniture and equipment, net	<u>\$ 39,202</u>	<u>\$ 57,290</u>

## LAWYERS WITHOUT BORDERS, INC.

### NOTES TO THE FINANCIAL STATEMENTS For the Years Ended December 31, 2020 and 2019

---

Included in furniture and equipment is \$45,000 of equipment under capital lease. Depreciation expense for years ended December 31, 2020 and 2019 was \$18,088 and \$15,153, respectively.

#### **NOTE 4 - LEASE COMMITMENTS**

##### Capital Lease

During the year ended December 31, 2020, the Organization entered into a capital lease for office equipment valued at \$45,000. The asset and liability under the capital lease have been recorded at the present value of the minimum lease payments. The lease calls for monthly payments of \$824 including principal and interest at 5.5% through July 2024. The remaining principal balance of \$32,092 is recorded as capital lease payable, net of \$8,331 payable in 2020, which is included in the current portion of capital lease payable on the accompanying statements of financial position at December 31, 2020 and 2019.

The capital lease asset has been recorded in the furniture and equipment account at \$45,000 at December 31, 2020 and is being depreciated over its estimated productive life of five years. Depreciation expense for this capital lease was \$9,000 and \$5,250 for the year ended December 31, 2020 and 2019, respectively and accumulated depreciation totaled \$14,250 and \$5,250 as of December 31, 2020 and 2019, respectively.

The following is a schedule of the future minimum lease payments, amounts representing interest and future maturities of long-term capital lease payable at December 31, 2020:

	Future Minimum Lease Payments	Interest	Annual Maturities
Year ending December 31,			
2021	\$ 9,888	\$ 1,557	\$ 8,331
2022	9,888	1,087	8,801
2023	9,888	591	9,297
2024	9,888	104	5,663
	<u>\$ 39,552</u>	<u>\$ 3,339</u>	<u>\$ 32,092</u>

##### Operating Leases

The Organization leased office equipment under a non-cancelable operating lease which was set to expire in August 2020. During 2019, the Organization replaced this lease with a new capital lease (see capital lease above) and took ownership of the office equipment under the operating lease. The Organization was responsible for the taxes and insurance related to the leased office equipment. Total lease expense for the years ended December 31, 2020 and 2019 was \$0 and \$10,304, respectively, and is included in management and general expenses on the accompanying statements of activities and changes in net assets.

The Organization has a lease agreement for office space, which commenced January 1, 2013 and expired March 31, 2018. The lease was extended for three one-year terms expiring on March 31, 2021. Monthly rent was \$3,978 for the lease period April 1, 2018 to March 31, 2019, \$4,098 for the lease period April 1, 2019 to March 31, 2020 and \$4,180 for the lease period April 1, 2020 to March 31, 2021. An additional extension effective April 1, 2021, reduced the amount of office space and the

## LAWYERS WITHOUT BORDERS, INC.

### NOTES TO THE FINANCIAL STATEMENTS For the Years Ended December 31, 2020 and 2019

---

monthly rent to \$2,917 and extended the lease for an additional one-year term, expiring March 31, 2022. The Organization is responsible for utilities and insurance. Total rent expense amounted to \$49,910 and \$48,814 for the years ended December 31, 2020 and 2019, respectively, and is included in management and general expenses on the accompanying statements of activities and changes in net assets.

Future minimum lease payments as of December 31, 2020 are as follows:

Year ending December 31,	
2021	\$ 38,789
2022	8,750
	<u>47,539</u>

#### **NOTE 5 - PAYCHECK PROTECTION PROGRAM LOAN**

In April 2020, the Organization received loan proceeds of \$174,460 under the Paycheck Protection Program (PPP). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), provides for loans to qualifying businesses for amounts up to 2.5 times their average monthly payroll expenses and other qualifying expenses. The loans and accrued interest are forgivable after 24 weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The Organization has used the proceeds for purposes consistent with the PPP and applied for forgiveness. The Organization received notice of forgiveness in July 2021. As such, the entire balance has been classified as current in the accompanying statements of financial position.

A second PPP loan of \$176,197 was received in February 2021. The Organization once again used the loan proceeds in a way that meets the conditions for forgiveness and will apply for forgiveness in the next fiscal year. The loan is unsecured.

#### **NOTE 6 - RELATED PARTY TRANSACTIONS**

##### Due from Affiliate

The Organization pays certain expenses on behalf of their United Kingdom affiliate, LWOB-UK. The balance due from LWOB-UK as of December 31, 2020 and 2019 was \$9,311 and \$9,130, respectively.

##### Short-term Loan

During the year ended December 31, 2019, the former executive director provided the Organization with a short-term loan of \$100,000. The loan was in response to a delay in the receipt of grant funding due to an administrative issue with the granting agency. The advance was received in June 2019 and repaid in full, with interest at 4% plus reimbursement of transaction fees of \$1,020, in August 2019.

#### **NOTE 7 - IN-KIND CONTRIBUTIONS AND EXPENSES**

During the years ended December 31, 2020 and 2019, the fair value of contributed services meeting the requirements for recognition in the financial statements was \$3,850,956 and \$2,727,854, respectively, primarily related to providing legal services on behalf of the Organization for various legal projects in a variety of countries.



## LAWYERS WITHOUT BORDERS, INC.

### NOTES TO THE FINANCIAL STATEMENTS For the Years Ended December 31, 2020 and 2019

In May 2015, the Organization entered into a lease agreement with a donor, whereby the Organization leases a 1,350 square foot facility in Washington, D.C. with an aggregate annual base rent of \$0. The estimated market value of the lease is \$11.25 per square foot. The donation is recorded as in-kind contributions and in-kind rental expense. During 2020, the donor notified the Organization that they were giving a 60-day notice to terminate as allowed by the lease and the lease expired at the end of November 2020. For the years ended December 31, 2020 and 2019, in-kind contribution and in-kind rental expense was \$163,276 and \$182,250, respectively.

Subsequent to year end, the Organization entered into a new lease agreement with the same donor for a smaller space in the same building in Washington D.C. The annual base rent will be \$0 with an estimated market value of \$132,300 for the 980 square feet of space.

#### **NOTE 8 – PROMISES TO GIVE**

Promises to give at December 31, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Promises to give in less than one year	\$ 120,000	\$ -
Promises to give in one to five years	<u>120,000</u>	<u>-</u>
Total promises to give	240,000	-
Less: discounts to net present value	<u>(12,256)</u>	<u>-</u>
Promises to give at December 31	<u><u>\$ 227,744</u></u>	<u><u>\$ -</u></u>

Promises to give in more than one year are discounted at 3.25% at December 31, 2020 and 2019. Management believes all balances are collectible; accordingly, no allowance for doubtful accounts has been established. Promises to give are included with grants receivable (Note 2) on the accompanying statements of financial position.

#### **NOTE 9 - LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure within one year of December 31, 2020 are as follows:

	<u>2020</u>		<u>2019</u>	
	<u>Financial Assets</u>	<u>Unavailable</u>	<u>Available Within One Year</u>	<u>Available Within One Year</u>
Financial assets:				
Cash	\$ 610,631	\$ -	\$ 610,631	\$ 181,300
Grants receivable	<u>498,705</u>	<u>(116,462)</u>	<u>382,243</u>	<u>184,197</u>
Total financial assets available within one year	<u><u>\$ 1,109,336</u></u>	<u><u>\$ (116,462)</u></u>	<u><u>\$ 992,874</u></u>	<u><u>\$ 365,497</u></u>

## **LAWYERS WITHOUT BORDERS, INC.**

### **NOTES TO THE FINANCIAL STATEMENTS** **For the Years Ended December 31, 2020 and 2019**

---

The Organization manages its financial assets to be available as its operating expenditures, liabilities and other obligations come due. The Board and management is committed to operating the Organization in a financially prudent manner. The Organization primarily performs grant-based projects with grants primarily through the United States Department of State and relies heavily on pro bono legal services to carry out these projects. Other project expenses are carefully monitored for compliance with grant stipulations to ensure they are eligible for reimbursement. Management and general expenses are fairly consistent and are primarily funded through other contributions.

#### **NOTE 10 - CONTINGENCIES**

In early 2020, there was an outbreak of a novel and highly contagious form of coronavirus (“COVID-19”), which the World Health Organization declared to constitute a pandemic. Businesses and governments have implemented precautionary measures. Such measures, as well as the general uncertainty surrounding the dangers and impact of COVID-19, are creating significant disruption in supply chains and economic activity. The full extent of the outbreak, related business and travel restrictions and changes in behavior intended to reduce its spread are uncertain as of the date of these financial statements as it continues to evolve globally. Therefore, the full extent to which COVID-19 may impact the Organization’s results of operations, liquidity or financial position is uncertain. As COVID-19 continues to spread, management continues to monitor the potential impacts, including program disruptions and global, regional or other economic recession which may impact the Organization’s future operations, liquidity or financial position.

**LAWYERS WITHOUT BORDERS, INC.**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended December 31, 2020**

<b>Federal Grantor</b>	<b>Pass-through Grantor, if applicable</b>	<b>Program Title</b>	<b>CFDA No.</b>	<b>Federal Expenditures</b>
U.S. Department of State, Bureau of Counterterrorism and Countering Violent Extremism	N/A	CESTI: Collaborative to Establish a Training Institute	19.701	\$ 249,125
U.S. Department of State, Office to Monitor and Combat Trafficking in Persons	N/A	IMPACT TIP-TAN: Improving Prosecution and Capacity Through Training on TIP in Tanzania	19.019	195,517
U.S. Department of State, Bureau of International Narcotics and Law Enforcement Affairs	N/A	WICRI (Wildlife Crime) Mock Trial Competition	19.705	185,581
U.S. Department of Labor, Bureau of International Labor Affairs	Winrock International	Attaining Lasting Change for Better Enforcement of Labor and Criminal Law to Address Child Labor, Forced Labor, and Human Trafficking (ATLAS)	17.401	143,250
U.S. Department of State, Office to Monitor and Combat Trafficking in Persons	Winrock International	Jamaica-U.S. Child Protection Compact Project	19.019	54,613
U.S. Department of State, Bureau of Democracy, Human Rights, and Labor	Verité	Promoting Safe and Fair Migration from Kenya to the Gulf States	19.345	22,185
U.S. Department of State, Bureau of Democracy, Human Rights, and Labor	DT Institute	Training and Advocacy to Improve Labor Rights (TATIL)	19.345	5,046
Total U.S. Department of State grant expenditures				<u>855,317</u>
Total Federal grant expenditures				<u><u>\$ 855,317</u></u>

**LAWYERS WITHOUT BORDERS, INC.**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended December 31, 2020**

---

**NOTE 1 - BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Lawyers Without Borders, Inc. under programs of the federal government for the year ended December 31, 2020. 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 Lawyers Without Borders, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Lawyers Without Borders, Inc.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Consequently, amounts are recorded as expenditures when the obligations are incurred. Such expenditures are recognized following the cost principles contained in OMB's Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**NOTE 3 - SUBRECIPIENTS**

No amounts were awarded to subrecipients during the year ended December 31, 2020.

**NOTE 4 - INDIRECT COSTS**

Lawyers Without Borders, Inc. has elected to not use the 10% de minimis indirect cost rate as allowable under OMB's Uniform Guidance but rather the rates established directly with the federal funding agency.

**Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance in Accordance with The Uniform Guidance**

To the Board of Directors  
Lawyers Without Borders, Inc.

**Report on Compliance for Each Major Federal Program**

We have audited Lawyers Without Borders, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Lawyers Without Borders, Inc.'s major federal programs for the year ended December 31, 2020. Lawyers Without Borders, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Lawyers Without Borders, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits 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* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Lawyers Without Borders, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Lawyers Without Borders, Inc.'s compliance.

***Opinion on Each Major Federal Program***

In our opinion, Lawyers Without Borders, Inc. 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, 2020.



## Report on Internal Control over Compliance

Management of Lawyers Without Borders, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Lawyers Without Borders, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Lawyers Without Borders, Inc.'s 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 federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

*Adelman, Lally & Rennis LLC*

Farmington, CT  
November 29, 2021

## LAWYERS WITHOUT BORDERS, INC.

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2020

---

#### SECTION I - SUMMARY OF AUDITOR'S RESULTS

##### Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) indentified? No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? No
- Noncompliance material to the financial statements noted? No

##### Federal Awards

Internal control over major programs:

- Material weakness(es) indentified? No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? No

Type of auditor's report issued on compliance for major programs Unmodified

Any audit findings that are required to be reported in accordance with 2 CFR 200.516(a)? No

Identification of Major Programs:

<u>Program Name</u>	<u>CFDA Number</u>
CESTI: Collaborative to Establish a Training Institute	19.701
IMPACT TIP-TAN: Improving Prosecution and Capacity through Training on TIP in Tanzania	19.019

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

Auditee qualified as a low-risk auditee? No



**LAWYERS WITHOUT BORDERS, INC.**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)**  
**For the Year Ended December 31, 2020**

---

**SECTION II - FINANCIAL REPORTING FINDINGS**

**None Noted**