

LAWYERS WITHOUT BORDERS, INC.

(a Nonprofit Corporation)

Financial Statements and Supplementary Information and
Schedule of Findings and Questioned Costs
for the Years Ended December 31, 2021 and 2020
and Independent Auditor's Report

Lawyers Without Borders, Inc.
(A Nonprofit Corporation)

Financial Statements

December 31, 2021 and 2020

CONTENTS

Independent Auditor's Report	1 - 3
Financial Statements:	
Statements of Financial Position	4
Statements of Activities and Changes in Net Assets	5
Statements of Functional Expenses	6 - 7
Statements of Cash Flows	8
Notes to the Financial Statements	9 - 16
Supplementary Information:	
Schedule of Expenditures of Federal Awards	17
Notes to the Schedule of Expenditures of Federal Awards	18
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance in Accordance with The Uniform Guidance	19 - 21
Schedule of Findings and Questioned Costs	22

INDEPENDENT AUDITOR'S REPORT

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

Opinion

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, 2021 and 2020, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Lawyers Without Borders, Inc. as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Lawyers Without Borders, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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; 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.

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 Lawyers Without Borders, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's 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 auditor's 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 GAAS 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 GAAS, 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.
- 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 Lawyers Without Borders, Inc.'s 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.

Report on Internal Control Over Financial Reporting

We have also audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, Lawyers Without Borders, Inc.'s internal control over financial reporting as of December 31, 2021 and our report dated August 17, 2022 expressed an unqualified opinion. 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.

Report on Other Legal and Regulatory Requirements

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.

Jeduman, Kelly & Remis LLC

Certified Public Accountants
Farmington, Connecticut
August 17, 2022

LAWYERS WITHOUT BORDERS, INC.**STATEMENTS OF FINANCIAL POSITION****December 31, 2021 and 2020**

<u>ASSETS</u>		
	<u>2021</u>	<u>2020</u>
CURRENT ASSETS:		
Cash	\$ 486,517	\$ 610,631
Grants receivable	491,346	498,705
Deferred rent receivable	31,317	-
Prepaid expenses and other current assets	<u>24,971</u>	<u>17,297</u>
TOTAL CURRENT ASSETS	<u>1,034,151</u>	<u>1,126,633</u>
FURNITURE AND EQUIPMENT, NET	22,857	39,202
OTHER ASSETS:		
Due from affiliate	9,510	9,311
Security deposits	<u>3,750</u>	<u>3,750</u>
TOTAL OTHER ASSETS	<u>13,260</u>	<u>13,061</u>
TOTAL ASSETS	<u>\$ 1,070,268</u>	<u>\$ 1,178,896</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accrued expenses	\$ 73,392	\$ 51,438
Paycheck Protection Program loan	176,197	174,460
Current portion of capital lease payable	<u>8,801</u>	<u>8,331</u>
TOTAL CURRENT LIABILITIES	<u>258,390</u>	<u>234,229</u>
LONG-TERM LIABILITIES		
Capital lease payable, net of current portion	<u>14,960</u>	<u>23,761</u>
TOTAL LONG-TERM LIABILITIES	<u>14,960</u>	<u>23,761</u>
TOTAL LIABILITIES	273,350	257,990
NET ASSETS:		
Without donor restrictions	592,817	503,124
With donor restrictions	<u>204,101</u>	<u>417,782</u>
TOTAL NET ASSETS	<u>796,918</u>	<u>920,906</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,070,268</u>	<u>\$ 1,178,896</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, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT:						
In-kind contributions	\$ 2,499,660	\$ -	\$ 2,499,660	\$ 4,014,234	\$ -	\$ 4,014,234
Grants	887,067	-	887,067	846,751	-	846,751
Non-federal funded grant income	53,698	-	53,698	106,150	-	106,150
Contributions	419,593	98,753	518,346	522,985	525,894	1,048,879
Other income	681	-	681	118	-	118
Total revenues and support	3,860,699	98,753	3,959,452	5,490,238	525,894	6,016,132
Net assets released from restriction, satisfaction of time restrictions	312,434	(312,434)	-	183,199	(183,199)	-
TOTAL OPERATING REVENUES	4,173,133	(213,681)	3,959,452	5,673,437	342,695	6,016,132
EXPENSES:						
Program expenses	(3,266,748)	-	(3,266,748)	(4,393,971)	-	(4,393,971)
Fundraising expenses	(6,267)	-	(6,267)	-	-	-
Management and general expenses	(981,407)	-	(981,407)	(1,023,700)	-	(1,023,700)
Total expenses	(4,254,422)	-	(4,254,422)	(5,417,671)	-	(5,417,671)
OPERATING SURPLUS (DEFICIT)	(81,289)	(213,681)	(294,970)	255,766	342,695	598,461
NON-OPERATING ACTIVITIES:						
Interest expense	(1,557)	-	(1,557)	(2,002)	-	(2,002)
Interest income	98	-	98	115	-	115
Foreign exchange loss	(2,019)	-	(2,019)	-	-	-
Paycheck Protection Program loan forgiveness	174,460	-	174,460	-	-	-
Total non-operating activities	170,982	-	170,982	(1,887)	-	(1,887)
CHANGE IN NET ASSETS	89,693	(213,681)	(123,988)	253,879	342,695	596,574
NET ASSETS, beginning of year	503,124	417,782	920,906	249,245	75,087	324,332
NET ASSETS, end of year	\$ 592,817	\$ 204,101	\$ 796,918	\$ 503,124	\$ 417,782	\$ 920,906

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, 2021

	Program													
	Federal							Non-Federal						
	Tanzania Tip-Tan	WICRI	Atlas	TATIL	Gulf Human Trafficking	OTLAP	EPIC	PPA	Leitner	Non-Grant Programs	Total Program	Fundraising	Management and General	Total
Salaries	\$ 88,273	\$ 77,178	\$ 118,045	\$ 53,914	\$ 37,319	\$ 82,932	\$ 8,926	\$ 44,058	\$ 19,782	\$ 102,506	\$ 632,933	\$ 3,928	\$ 421,993	\$ 1,058,854
Travel	14,493	27,177	(2,893)	-	-	-	-	797	1,891	6,151	47,616	-	9,540	57,156
Miscellaneous	4,294	10,134	-	-	-	29,887	-	61,132	5,030	-	110,477	1,600	28,106	140,183
Equipment	-	-	-	-	-	-	-	2,803	-	-	2,803	-	-	2,803
Supplies and training materials	14,472	4,274	-	-	-	2,677	-	8,757	5,874	-	36,054	-	852	36,906
Outside services	20,975	31,129	400	-	-	-	4,040	15,549	33,641	2,154	107,888	-	24,813	132,701
Employee benefit and payroll taxes	9,208	8,051	12,314	5,624	3,893	8,651	931	-	-	529	49,201	410	60,845	110,456
Rent and leased equipment	3,234	2,827	4,324	1,975	1,367	3,038	327	1,614	725	3,755	23,186	144	15,459	38,789
Printing and copying	1,257	953	1,473	664	461	1,002	113	2,252	2,199	1,233	11,607	47	5,075	16,729
Project expense	8,298	5,192	6,306	-	-	-	-	-	-	-	19,796	-	-	19,796
Postage and shipping	205	4,404	141	65	45	242	11	53	44	123	5,333	5	503	5,841
Professional fees	2,500	2,200	2,500	1,250	-	2,500	-	-	-	10,625	21,575	-	114,244	135,819
Depreciation	1,363	1,191	1,822	832	576	1,280	138	680	305	1,582	9,769	61	6,515	16,345
Insurance	-	-	-	-	-	-	-	-	-	-	-	-	1,968	1,968
Website hosting	314	275	420	192	133	295	32	157	70	365	2,253	14	1,500	3,767
Bank fees	1,053	1,886	80	-	-	-	113	-	75	753	3,960	-	2,157	6,117
Property taxes	-	-	-	-	-	-	-	-	-	-	-	-	1,849	1,849
	<u>169,939</u>	<u>176,871</u>	<u>144,932</u>	<u>64,516</u>	<u>43,794</u>	<u>132,504</u>	<u>14,631</u>	<u>137,852</u>	<u>69,636</u>	<u>129,776</u>	<u>1,084,451</u>	<u>6,209</u>	<u>695,419</u>	<u>1,786,079</u>
In-kind legal services	23,033	262,248	705,374	336,560	364,508	-	137,286	244,361	-	99,528	2,172,898	-	279,722	2,452,620
In-kind rental expense	<u>1,311</u>	<u>1,146</u>	<u>1,753</u>	<u>801</u>	<u>554</u>	<u>1,231</u>	<u>133</u>	<u>654</u>	<u>294</u>	<u>1,522</u>	<u>9,399</u>	<u>58</u>	<u>6,266</u>	<u>15,723</u>
Total expenses	\$ <u>194,283</u>	\$ <u>440,265</u>	\$ <u>852,059</u>	\$ <u>401,877</u>	\$ <u>408,856</u>	\$ <u>133,735</u>	\$ <u>152,050</u>	\$ <u>382,867</u>	\$ <u>69,930</u>	\$ <u>230,826</u>	\$ <u>3,266,748</u>	\$ <u>6,267</u>	\$ <u>981,407</u>	\$ <u>4,254,422</u>

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												Non-Grant Programs	Total Program	Management and General	Total
	Federal						Non-Federal									
	CESTI	Tanzania Tip-Tan	WICRI	Verite Kenya	Atlas	Jamaica CPC	TATIL	PPA	Leitner							
Salaries	\$ 60,623	\$ 102,084	\$ 102,911	\$ 11,663	\$ 102,900	\$ 26,603	\$ 3,716	\$ 4,321	\$ 5,428	\$ -	\$ 420,249	\$ 402,437	\$ 822,686			
Travel	30,645	17,740	22,656	4,364	2,893	5,322	-	-	1,252	-	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	1,217	-	-	1,935	237	-	72,566	21,877	94,443			
Employee benefit and payroll taxes	9,093	11,229	15,159	-	12,297	3,179	547	-	801	-	52,305	54,927	107,232			
Rent and leased equipment	3,678	6,193	6,243	708	6,243	1,614	225	262	329	-	25,495	24,415	49,910			
Printing and copying	1,501	2,412	1,300	260	1,281	919	44	52	65	-	7,834	4,800	12,634			
Project expense	7,069	2,703	5,970	-	-	3,806	-	-	-	-	19,548	-	19,548			
Postage and shipping	914	3,064	333	76	163	682	6	7	9	-	5,254	640	5,894			
Professional fees	1,350	2,500	2,200	-	1,650	2,500	-	-	-	-	10,200	39,018	49,218			
Depreciation	1,333	2,244	2,263	256	2,262	585	82	95	119	-	9,239	8,849	18,088			
Insurance	-	-	-	-	-	-	-	-	-	-	-	3,401	3,401			
Website hosting	319	538	542	61	542	140	20	23	29	-	2,214	2,120	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			
	227,053	179,941	174,771	20,750	131,477	48,845	4,640	6,695	8,269	-	802,441	600,998	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	12,032	20,260	20,424	2,315	20,422	5,280	738	858	1,077	-	83,406	79,870	163,276			
Total expenses	\$ 361,037	\$ 981,413	\$ 1,107,142	\$ 155,405	\$ 1,551,686	\$ 73,657	\$ 5,378	\$ 7,771	\$ 9,346	\$ 141,136	\$ 4,393,971	\$ 1,023,700	\$ 5,417,671			

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, 2021 and 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (decrease) in net assets	\$ (123,988)	\$ 596,574
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Depreciation expense	16,345	18,088
Paycheck Protection Program loan forgiveness	(174,460)	-
Changes in operating assets and liabilities:		
Grants receivable	7,359	(314,508)
Deferred rent receivable	(31,317)	-
Prepaid expenses and other current assets	(7,674)	527
Due from affiliate	(199)	(181)
Accrued expenses	21,954	(37,743)
	<u>(291,980)</u>	<u>262,757</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from Paycheck Protection Program loan	176,197	174,460
Repayments of capital lease payable	(8,331)	(7,886)
	<u>167,866</u>	<u>166,574</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES		
NET INCREASE (DECREASE) IN CASH	(124,114)	429,331
CASH, beginning of year	<u>610,631</u>	<u>181,300</u>
CASH, end of year	\$ <u><u>486,517</u></u>	\$ <u><u>610,631</u></u>

SUPPLEMENTARY DISCLOSURES

Operating activities reflect:

Interest paid	\$ 1,557	\$ 2,002
---------------	----------	----------

Non-cash investing and financing activities:

Paycheck Protection Program loan forgiveness	\$ 174,460	\$ -
--	------------	------

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, 2021 and 2020**

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, 2021 and 2020, the organization had net assets without donor restriction of \$605,497 and \$503,124, 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, 2021 and 2020, the organization had net assets with donor restriction of \$204,101 and \$417,782, 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, 2021 and 2020. The Organization's federal information returns prior to calendar year 2018 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, 2021 and 2020

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, 2021 and 2020, 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 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, 2021 and 2020, the number of contributed hours of service by stipend attorneys and other professionals was approximately 5,600 and 8,900 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, 2021 and 2020

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 years ended December 31, 2021 and 2020.

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. No donations of furniture and equipment were made for the years ended December 31, 2021 and 2020.

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, 2021 and 2020 were \$196,171 and \$243,674, 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, 2021 and 2020

years ending December 31, 2021 and 2020, 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

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.

Reclassifications

Certain amounts in the 2020 financial statements have been reclassified to conform to the 2021 presentation. These reclassifications have no effect on the previously reported change in net assets.

Subsequent Events

The Organization has evaluated events and transactions for potential recognition or disclosure through August 17, 2022, which is the date the financial statements were available to be released.

NOTE 3 - FURNITURE AND EQUIPMENT

Furniture and equipment at December 31, 2021 and 2020 consisted of the following:

	<u>2021</u>	<u>2020</u>
Furniture and equipment	\$ 125,092	\$ 125,092
Less: accumulated depreciation	102,235	85,890
Furniture and equipment, net	<u>\$ 22,857</u>	<u>\$ 39,202</u>

Included in furniture and equipment is \$45,000 of equipment under capital lease. Depreciation expense for years ended December 31, 2021 and 2020 was \$16,345 and \$18,088, respectively.

LAWYERS WITHOUT BORDERS, INC.

NOTES TO THE FINANCIAL STATEMENTS For the Years Ended December 31, 2021 and 2020

NOTE 4 - LEASE COMMITMENTS

Capital Lease

During the year ended December 31, 2019, 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 \$23,761 is recorded as capital lease payable, net of \$8,801 payable in 2021, which is included in the current portion of capital lease payable on the accompanying statements of financial position at December 31, 2021 and 2020.

The capital lease asset has been recorded in the furniture and equipment account at \$45,000 at December 31, 2021 and is being depreciated over its estimated productive life of five years. Depreciation expense for this capital lease was \$9,000 for the years ended December 31, 2021 and 2020 and accumulated depreciation totaled \$23,250 and \$14,250 as of December 31, 2021 and 2020, 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, 2021:

Year ending December 31,	<u>Future Minimum Lease Payments</u>	<u>Interest</u>	<u>Annual Maturities</u>
2022	\$ 9,888	\$ 1,087	\$ 8,801
2023	9,888	591	9,297
2024	5,768	105	5,663
	<u>\$ 25,544</u>	<u>\$ 1,783</u>	<u>\$ 23,761</u>

Operating Leases

The Organization has a lease agreement for office space, which commenced January 1, 2013 and expired March 31, 2018. The lease was extended for four one-year terms expiring on March 31, 2022. 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. The extension for the for the lease period April 1, 2021 to March 31, 2022 reduced the amount of office space and the monthly rent to \$2,917. The Organization is responsible for utilities and insurance. Total rent expense amounted to \$38,789 and \$49,910 for the years ended December 31, 2021 and 2020, respectively, and is included in management and general expenses on the accompanying statements of activities and changes in net assets. Subsequent to year end, an additional extension effective May 1, 2022, reduced the amount of office space even further and the monthly rent to \$1,400 and extended the lease for an additional one-year term, expiring April 1, 2023. During April 2022 when the Organization was negotiating the terms of the extension rent of \$2,917 was paid.

LAWYERS WITHOUT BORDERS, INC.

NOTES TO THE FINANCIAL STATEMENTS For the Years Ended December 31, 2021 and 2020

Future minimum lease payments as of December 31, 2021, including the extension subsequent to year end, are as follows:

Year ending December 31,		
2022	\$	22,867
2023		5,600
		<u>28,467</u>

NOTE 5 - PAYCHECK PROTECTION PROGRAM LOAN

In April 2020 and February 2021, the Organization received loan proceeds of \$174,460 and \$176,197, respectively, 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 used the proceeds of both loans for purposes consistent with the PPP and applied for forgiveness. The Organization received notice of forgiveness of the \$174,460 loan in July 2021 and as such, the debt forgiveness has been included as non-operating activities on the accompanying statements of activities and changes in net assets. The Organization received notice of forgiveness for the \$176,197 in February 2022 and as such, the entire balance has been classified as a current liability in the accompanying statements of financial position. The loans are 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, 2021 and 2020 was \$9,510 and \$9,311, respectively.

Other

During the years ended December 31, 2021 and 2020, donations made by members of the Board of Directors were \$156,500 and \$185,000, respectively and are included in contributions on the accompanying statements of activities and changes in net assets.

NOTE 7 - IN-KIND CONTRIBUTIONS AND EXPENSES

During the years ended December 31, 2021 and 2020, the fair value of contributed services meeting the requirements for recognition in the financial statements was \$2,452,620 and \$3,850,756, respectively, primarily related to providing legal services on behalf of the Organization for various legal projects in a variety of countries.

In July 2021, the Organization entered into a new lease agreement with a donor whereby the Organization leased a 980 square foot facility in a building in Washington D.C. The annual base rent will be \$0 with an estimated market value of \$4 per square foot per month. The lease commenced on September 1, 2021 and cannot be terminated for one year. Because of this, the value for the full year of rent is recorded as in-kind contribution income of \$47,040 for the year ended December 31, 2021. The

LAWYERS WITHOUT BORDERS, INC.

NOTES TO THE FINANCIAL STATEMENTS For the Years Ended December 31, 2021 and 2020

rent to be received in 2022 of \$31,317 has been recorded as a deferred rent receivable on the accompanying statements of financial position at December 31, 2021 and the in-kind rental expense for the year ended December 31, 2021 was \$15,723.

Prior to this, the Organization had a lease agreement with the same donor, whereby the Organization leased a 1,350 square foot facility in the same building in Washington, D.C. with an aggregate annual base rent of \$0. The estimated market value of this lease was \$11.25 per square foot per month. 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 year ended December 31, 2020, the donation was recorded as in-kind contributions and in-kind rental expense \$163,276.

NOTE 8 - PROMISES TO GIVE

Promises to give at December 31, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Promises to give in less than one year	\$ 120,000	\$ 120,000
Promises to give in one to five years	-	120,000
Total promises to give	120,000	240,000
Less: discounts to net present value	(3,011)	(12,256)
Promises to give at December 31	<u>\$ 116,989</u>	<u>\$ 227,744</u>

Promises to give in more than one year are discounted at 3.25% at December 31, 2021 and 2020. 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, 2021 and 2020 are as follows:

	<u>2021</u>		<u>2020</u>	
	<u>Financial Assets</u>	<u>Unavailable</u>	<u>Available Within One Year</u>	<u>Available Within One Year</u>
Financial assets:				
Cash	\$ 486,517	\$ -	\$ 486,517	\$ 610,631
Grants receivable	491,346	-	491,346	382,243
Total financial assets available within one year	<u>\$ 977,863</u>	<u>\$ -</u>	<u>\$ 977,863</u>	<u>\$ 992,874</u>

LAWYERS WITHOUT BORDERS, INC.

NOTES TO THE FINANCIAL STATEMENTS **For the Years Ended December 31, 2021 and 2020**

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, 2021

Federal Grantor	Pass-through Grantor, if applicable	Program Title	CFDA No.	Federal Expenditures
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	\$ 192,240
U.S. Department of State, Bureau of International Narcotics and Law Enforcement Affairs	N/A	WICRI (Wildlife CRIme) Mock Trial Competition	19.705	196,502
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	161,909
U.S. Department of State, Bureau of Democracy, Human Rights, and Labor	DT Institute	Training and Advocacy to Improve Labor Rights (TATIL)	19.345	71,962
U.S. Department of State, Bureau of Democracy, Human Rights, and Labor	Verité	Promoting Worker Rights in the India-Gulf Migration Corridor (GHT)	19.345	48,789
U.S. Department of State, Bureau of Near Eastern Affairs	DT Institute	Online Training and Legal Assistance Program (OTLAP)	19.221	150,063
U.S. Department of State, Office to Monitor and Combat Trafficking in Persons	N/A	Excellence in Prosecution through Increased Cooperation and Capacity to Combat Child Trafficking (EPIC)	19.019	16,589
Total U.S. Department of State grant expenditures				838,054
Total Federal grant expenditures				<u>\$ 838,054</u>

LAWYERS WITHOUT BORDERS, INC.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2021

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, 2021. 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, 2021.

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 REPORT 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

Opinion on Each Major Federal Program

We have audited Lawyers Without Borders, Inc.'s 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 Lawyers Without Borders, Inc.'s major federal programs for the year ended December 31, 2021. 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.

In our opinion, Lawyers Without Borders, Inc. complied, in all material respects, with the 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, 2021.

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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 Lawyers Without Borders, Inc. 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 program. Our audit does not provide a legal determination of Lawyers Without Borders, Inc.'s 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 Lawyers Without Borders, Inc.'s federal programs.

Auditor's 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 Lawyers Without Borders, Inc.'s 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 GAAS, 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 Lawyers Without Borders, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, 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 Lawyers Without Borders, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Lawyers Without Borders, Inc.'s 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 Lawyers Without Borders, Inc.'s 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 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 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 Auditor's 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.

Jeduman, Kelly & Remis LLC

Farmington, CT
August 17, 2022

LAWYERS WITHOUT BORDERS, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2021

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>
WICRI (Wildlife CRIme) Mock Trial Competition	19.705
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, 2021

SECTION II - FINANCIAL REPORTING FINDINGS

None Noted