FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018
To the Board of Directors of 
Victim Rights Law Center, Inc.:

Report on the Financial Statements

We have audited the accompanying financial statements of Victim Rights Law Center, Inc. (a Massachusetts 
corporation, not-for-profit), which comprise the statements of financial position as of September 30, 2019 
and 2018, and the related statements of activities and changes in net assets, cash flows and functional 
expenses 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 audits to obtain reasonable assurance about whether the 
financial statements are free from 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 Victim Rights Law Center, Inc. as of September 30, 2019 and 2018, 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.

AAFCPAs, Inc.

Westborough, Massachusetts 
February 12, 2020
# Statements of Financial Position
## September 30, 2019 and 2018

<table>
<thead>
<tr>
<th>Assets</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Without Donor Restrictions</td>
<td>With Donor Restrictions</td>
</tr>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td><strong>Current Assets:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>56,013</td>
<td>41,759</td>
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<tr>
<td>Accounts receivable</td>
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<td>12,500</td>
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<tr>
<td>Prepaid expenses</td>
<td>119,077</td>
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<tr>
<td><strong>Total current assets</strong></td>
<td>624,464</td>
<td>54,259</td>
</tr>
<tr>
<td>Equipment, net</td>
<td>40,744</td>
<td>-</td>
</tr>
<tr>
<td>Deposits</td>
<td>31,233</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>696,441</td>
<td>54,259</td>
</tr>
<tr>
<td><strong>Liabilities and Net Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current Liabilities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Line of credit</td>
<td>$100,000</td>
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<tr>
<td>Accounts payable and accrued expenses</td>
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<td>Deferred revenue</td>
<td>231,700</td>
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</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>516,515</td>
<td>-</td>
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<tr>
<td>Deferred Rent</td>
<td>45,803</td>
<td>-</td>
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<td><strong>Total liabilities</strong></td>
<td>562,318</td>
<td>-</td>
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<tr>
<td><strong>Net Assets:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Without donor restrictions:</td>
<td></td>
<td></td>
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<tr>
<td>Operating</td>
<td>93,379</td>
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<tr>
<td>Equipment</td>
<td>40,744</td>
<td>-</td>
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<tr>
<td><strong>Total without donor restrictions</strong></td>
<td>134,123</td>
<td>-</td>
</tr>
<tr>
<td>With donor restrictions</td>
<td>-</td>
<td>54,259</td>
</tr>
<tr>
<td><strong>Total net assets</strong></td>
<td>134,123</td>
<td>54,259</td>
</tr>
<tr>
<td><strong>Total liabilities and net assets</strong></td>
<td>$ 696,441</td>
<td>$ 54,259</td>
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</table>

The accompanying notes are an integral part of these statements.
<table>
<thead>
<tr>
<th></th>
<th>Without Donor Restrictions</th>
<th>With Donor Restrictions</th>
<th>Total</th>
<th>Without Donor Restrictions</th>
<th>With Donor Restrictions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating Revenues and Support:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contract service revenue</td>
<td>$2,852,816</td>
<td>$2,852,816</td>
<td>$2,203,921</td>
<td>$2,203,921</td>
<td>$2,203,921</td>
<td>$2,203,921</td>
</tr>
<tr>
<td>Donated goods and services</td>
<td>264,639</td>
<td>264,639</td>
<td>450,310</td>
<td>450,310</td>
<td>450,310</td>
<td>450,310</td>
</tr>
<tr>
<td>Grants and contributions</td>
<td>64,519</td>
<td>104,519</td>
<td>86,308</td>
<td>15,500</td>
<td>101,808</td>
<td>101,808</td>
</tr>
<tr>
<td>Special events revenue</td>
<td>67,424</td>
<td>67,424</td>
<td>274,628</td>
<td>274,628</td>
<td>274,628</td>
<td>274,628</td>
</tr>
<tr>
<td>Program service fees</td>
<td>42,371</td>
<td>42,371</td>
<td>63,530</td>
<td>63,530</td>
<td>63,530</td>
<td>63,530</td>
</tr>
<tr>
<td>Interest and other income</td>
<td>6,507</td>
<td>6,507</td>
<td>11,790</td>
<td>11,790</td>
<td>11,790</td>
<td>11,790</td>
</tr>
<tr>
<td><strong>Net assets released from purpose restrictions</strong></td>
<td>16,812</td>
<td>(16,812)</td>
<td>66,088</td>
<td>(66,088)</td>
<td>66,088</td>
<td>(66,088)</td>
</tr>
<tr>
<td><strong>Total operating revenues and support</strong></td>
<td>3,315,088</td>
<td>23,188</td>
<td>3,338,276</td>
<td>3,156,575</td>
<td>(50,588)</td>
<td>3,105,987</td>
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<tr>
<td><strong>Operating Expenses:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Program services:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Client Services</td>
<td>2,433,517</td>
<td>-</td>
<td>2,433,517</td>
<td>2,041,384</td>
<td>-</td>
<td>2,041,384</td>
</tr>
<tr>
<td>National Training and Technical Assistance</td>
<td>923,699</td>
<td>-</td>
<td>923,699</td>
<td>800,408</td>
<td>-</td>
<td>800,408</td>
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<tr>
<td><strong>Total program services</strong></td>
<td>3,357,216</td>
<td>-</td>
<td>3,357,216</td>
<td>2,841,792</td>
<td>-</td>
<td>2,841,792</td>
</tr>
<tr>
<td><strong>Supporting services:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General and administrative</td>
<td>101,094</td>
<td>-</td>
<td>101,094</td>
<td>109,246</td>
<td>-</td>
<td>109,246</td>
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<tr>
<td>Development</td>
<td>214,592</td>
<td>-</td>
<td>214,592</td>
<td>269,486</td>
<td>-</td>
<td>269,486</td>
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<tr>
<td><strong>Total supporting services</strong></td>
<td>315,686</td>
<td>-</td>
<td>315,686</td>
<td>378,732</td>
<td>-</td>
<td>378,732</td>
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<tr>
<td><strong>Total operating expenses</strong></td>
<td>3,672,902</td>
<td>-</td>
<td>3,672,902</td>
<td>3,220,524</td>
<td>-</td>
<td>3,220,524</td>
</tr>
<tr>
<td><strong>Changes in net assets from operations</strong></td>
<td>(357,814)</td>
<td>23,188</td>
<td>(334,626)</td>
<td>(63,949)</td>
<td>(50,588)</td>
<td>(114,537)</td>
</tr>
<tr>
<td><strong>Non-Operating Revenue:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital grant</td>
<td>26,263</td>
<td>-</td>
<td>26,263</td>
<td>21,914</td>
<td>-</td>
<td>21,914</td>
</tr>
<tr>
<td><strong>Changes in net assets</strong></td>
<td>(331,551)</td>
<td>23,188</td>
<td>(308,363)</td>
<td>(42,035)</td>
<td>(50,588)</td>
<td>(92,623)</td>
</tr>
<tr>
<td><strong>Net Assets:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beginning of year</td>
<td>465,674</td>
<td>31,071</td>
<td>496,745</td>
<td>507,709</td>
<td>81,659</td>
<td>589,368</td>
</tr>
<tr>
<td><strong>End of year</strong></td>
<td>$134,123</td>
<td>$54,259</td>
<td>$188,382</td>
<td>$465,674</td>
<td>$31,071</td>
<td>$496,745</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these statements.
VICTIM RIGHTS LAW CENTER, INC.

Statements of Cash Flows
For the Years Ended September 30, 2019 and 2018

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash Flows from Operating Activities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Changes in net assets</td>
<td>(308,363)</td>
<td>(92,623)</td>
</tr>
<tr>
<td>调整 to reconcile changes in net assets to net cash used in operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>21,389</td>
<td>15,260</td>
</tr>
<tr>
<td>Capital grant</td>
<td>(26,263)</td>
<td>(21,914)</td>
</tr>
<tr>
<td>Changes in operating assets and liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>126,985</td>
<td>(109,686)</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>(84,184)</td>
<td>(1,909)</td>
</tr>
<tr>
<td>Deposits</td>
<td>(1,550)</td>
<td>(2,690)</td>
</tr>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>(3,037)</td>
<td>42,484</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>173,913</td>
<td>57,787</td>
</tr>
<tr>
<td>Deferred rent</td>
<td>45,803</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net cash used in operating activities</strong></td>
<td>(55,307)</td>
<td>(113,291)</td>
</tr>
</tbody>
</table>

| **Cash Flows from Investing Activities:** |            |            |
| Acquisition of equipment | (21,861)   | (23,634)   |

| **Cash Flows from Financing Activities:** |            |            |
| Capital grant | 26,263 | 21,914 |
| Proceeds from line of credit | - | 100,000 |
| **Net cash provided by financing activities** | 26,263 | 121,914 |

| **Net Change in Cash** |            |            |
|                        | (50,905)   | (15,011)   |

| **Cash:** |            |            |
| Beginning of year | 148,677 | 163,688 |
| End of year | $ 97,772 | $ 148,677 |

| **Supplemental Disclosure of Cash Flow Information:** |            |            |
| Cash paid for interest | $ 2,067 | $ 1,033 |

| **Supplemental Disclosure of Non-Cash Investing Transactions:** |            |            |
| Equipment additions in accounts payable | $ 5,689 | $ - |

The accompanying notes are an integral part of these statements.
VICTIM RIGHTS LAW CENTER, INC.

Statement of Functional Expenses
For the Year Ended September 30, 2019
(With Summarized Comparative Totals for the Year Ended September 30, 2018)

<table>
<thead>
<tr>
<th>Expenses:</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Program Services</td>
<td>Supporting Services</td>
</tr>
<tr>
<td></td>
<td>National Services</td>
<td>General Administrative</td>
</tr>
<tr>
<td></td>
<td>Client Services</td>
<td>Training and Assistance</td>
</tr>
<tr>
<td>Salaries and related:</td>
<td>$ 1,273,751</td>
<td>$ 491,463</td>
</tr>
<tr>
<td>Salaries</td>
<td>172,893</td>
<td>77,241</td>
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<tr>
<td>Employee benefits</td>
<td>264,266</td>
<td></td>
</tr>
<tr>
<td>Payroll taxes</td>
<td>105,298</td>
<td>40,703</td>
</tr>
<tr>
<td>Total salaries and related</td>
<td>1,816,208</td>
<td>609,407</td>
</tr>
<tr>
<td>Occupancy</td>
<td>178,179</td>
<td>69,911</td>
</tr>
<tr>
<td>Other costs:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Professional fees</td>
<td>68,663</td>
<td>115,082</td>
</tr>
<tr>
<td>Audit and accounting</td>
<td>166,499</td>
<td>33,930</td>
</tr>
<tr>
<td>Travel</td>
<td>41,793</td>
<td>37,925</td>
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<tr>
<td>Office</td>
<td>45,066</td>
<td>5,187</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>18,312</td>
<td>5,266</td>
</tr>
<tr>
<td>Technical support</td>
<td>18,037</td>
<td>9,339</td>
</tr>
<tr>
<td>Telephone</td>
<td>19,573</td>
<td>7,958</td>
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<td>Printing and postage</td>
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<td>3,068</td>
</tr>
<tr>
<td>Insurance</td>
<td>15,226</td>
<td>5,797</td>
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<tr>
<td>Depreciation</td>
<td>6,333</td>
<td>6,333</td>
</tr>
<tr>
<td>Training and conferences</td>
<td>17,577</td>
<td>1,376</td>
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<tr>
<td>Meals</td>
<td>143</td>
<td>13,534</td>
</tr>
<tr>
<td>Minor equipment and maintenance</td>
<td>6,567</td>
<td>2,796</td>
</tr>
<tr>
<td>Professional development</td>
<td>1,272</td>
<td></td>
</tr>
<tr>
<td>Special events</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Donated services and materials</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total other costs</td>
<td>439,130</td>
<td>244,381</td>
</tr>
<tr>
<td>Total operating expenses before general and administrative allocation</td>
<td>2,433,517</td>
<td>923,699</td>
</tr>
<tr>
<td>General and administrative allocation</td>
<td>73,279</td>
<td>27,815</td>
</tr>
<tr>
<td>Total operating expenses</td>
<td>$ 2,506,796</td>
<td>$ 951,514</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these statements.
### Statement of Functional Expenses

For the Year Ended September 30, 2018

<table>
<thead>
<tr>
<th>Expenses:</th>
<th>National Training and Technical Assistance</th>
<th>Total Program Services</th>
<th>General and Administrative Development</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries</td>
<td>$877,228</td>
<td>$1,297,731</td>
<td>$39,900</td>
<td>$1,440,959</td>
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<tr>
<td>Employee benefits</td>
<td>97,249</td>
<td>139,660</td>
<td>4,136</td>
<td>151,642</td>
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<td>Donated client legal services</td>
<td>434,350</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Payroll taxes</td>
<td>71,726</td>
<td>105,355</td>
<td>3,454</td>
<td>117,440</td>
</tr>
<tr>
<td>Total salaries and related</td>
<td>$1,480,553</td>
<td>$1,977,096</td>
<td>$47,490</td>
<td>$2,144,391</td>
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<tr>
<td>Occupancy</td>
<td>141,022</td>
<td>216,788</td>
<td>4,794</td>
<td>228,377</td>
</tr>
<tr>
<td>Other costs:</td>
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<td></td>
</tr>
<tr>
<td>Professional fees</td>
<td>166,568</td>
<td>241,160</td>
<td>24,004</td>
<td>279,225</td>
</tr>
<tr>
<td>Audit and accounting</td>
<td>107,082</td>
<td>146,809</td>
<td>9,240</td>
<td>159,484</td>
</tr>
<tr>
<td>Travel</td>
<td>36,812</td>
<td>82,060</td>
<td>1,040</td>
<td>86,619</td>
</tr>
<tr>
<td>Office</td>
<td>32,782</td>
<td>62,571</td>
<td>395</td>
<td>45,216</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>11,245</td>
<td>12,435</td>
<td>-</td>
<td>16,705</td>
</tr>
<tr>
<td>Technical support</td>
<td>12,506</td>
<td>19,119</td>
<td>1,404</td>
<td>21,249</td>
</tr>
<tr>
<td>Telephone</td>
<td>14,552</td>
<td>22,746</td>
<td>1,518</td>
<td>25,014</td>
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<tr>
<td>Printing and postage</td>
<td>10,524</td>
<td>14,351</td>
<td>1,879</td>
<td>16,942</td>
</tr>
<tr>
<td>Insurance</td>
<td>8,138</td>
<td>12,009</td>
<td>806</td>
<td>13,269</td>
</tr>
<tr>
<td>Depreciation</td>
<td>4,425</td>
<td>8,850</td>
<td>1,373</td>
<td>15,260</td>
</tr>
<tr>
<td>Training and conferences</td>
<td>2,248</td>
<td>34,168</td>
<td>285</td>
<td>13,373</td>
</tr>
<tr>
<td>Meals</td>
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<td>1,172</td>
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<td>1,654</td>
</tr>
<tr>
<td>Minor equipment and maintenance</td>
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<td>13,088</td>
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<tr>
<td>Professional development</td>
<td>2,060</td>
<td>292</td>
<td>-</td>
<td>2,352</td>
</tr>
<tr>
<td>Special events</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>100,442</td>
</tr>
<tr>
<td>Donated services and materials</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>15,960</td>
</tr>
<tr>
<td>Total other costs</td>
<td>419,809</td>
<td>647,908</td>
<td>142,886</td>
<td>847,756</td>
</tr>
<tr>
<td>Total operating expenses before general and administrative allocation</td>
<td>$2,041,384</td>
<td>$2,841,792</td>
<td>$109,246</td>
<td>$3,220,524</td>
</tr>
<tr>
<td>General and administrative allocation</td>
<td>78,476</td>
<td>109,246</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total operating expenses</td>
<td>$2,119,860</td>
<td>$2,951,038</td>
<td>$269,486</td>
<td>$3,220,524</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these statements.
1. **OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES**

**OPERATIONS AND NONPROFIT STATUS**

Victim Rights Law Center, Inc. (VRLC) is a Massachusetts corporation, founded in 2000, and established as a not-for-profit corporation in 2002. VRLC is headquartered in Boston, Massachusetts with a second office in Portland, Oregon.

The mission of VRLC is:

- To provide legal representation to victims of sexual assault to help rebuild their lives; and
- To promote a national movement committed to seeking justice for every rape and sexual assault victim.

In Massachusetts and in Clackamas, Multnomah and Washington Counties in Oregon, VRLC staff attorneys and a panel of VRLC trained pro bono and low bono lawyers provide free, holistic, comprehensive legal representation to victims of sexual assault in the areas of education (K-12 and campus sexual assault), employment, housing, immigration, privacy, safety, financial stability, and criminal advocacy relating to the impact of the rape or sexual assault. During fiscal years 2019 and 2018, 980 and 824 clients were served, respectively. Each client typically has an average of two to three separate and distinct legal needs.

Nationally, VRLC provides training, technical assistance, mentoring, and support to lawyers, community advocates, sexual assault nurse examiners, medical professionals, advocates, military personnel, college administrators, rape crisis center counsels, and other community partners. In fiscal years 2019 and 2018, VRLC trained over 4,500 and 3,200 individuals, respectively, in Massachusetts, Oregon, and throughout the country to develop community partnerships, strengthen victim referral pipelines to VRLC, as well as to locally and nationally improve the response to sexual violence.

VRLC, with the support of pro bono attorneys, also submits amicus briefs in Massachusetts, signs onto amicus briefs in other states, and submitted its first brief to the U.S. Supreme Court in 2013, in order to lend our unique legal lens as civil attorneys solely focused on representing sexual assault survivors to the national legal dialogue.

VRLC attorneys have their feet on the ground working with individual sexual assault survivors in Massachusetts and Oregon and their finger on the pulse nationally through training. VRLC is committed to leading a new response to sexual violence that helps survivors stabilize and rebuild their lives.

VRLC is exempt from Federal income taxes as an organization (not a private foundation) formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC). VRLC is also exempt from state income taxes. Donors may deduct contributions made to VRLC within the IRC requirements.

**SIGNIFICANT ACCOUNTING POLICIES**

VRLC prepares its financial statements in accordance with generally accepted accounting standards and principles (U.S. GAAP) established by the Financial Accounting Standards Board (FASB). References to U.S. GAAP in these notes are to the FASB Accounting Standards Codification (ASC).
1. OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Adopted Accounting Pronouncement

In fiscal year 2019, VRLC adopted FASB’s Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. This ASU addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. VRLC has adjusted the presentation of these financial statements accordingly. The adoption of this ASU did not impact VRLC’s net asset classes, results of operations, or cash flows for the years ended September 30, 2019 and 2018. This ASU has been applied retrospectively to all periods presented. This ASU provides an option to omit the disclosures about liquidity and availability of resources in the fiscal year 2018 financial statements.

Revenue Recognition

Special events revenue is recorded when received. Contract service revenue is recorded over the contract period as services are provided. Grants and contributions without donor restrictions are recorded as revenue when received or unconditionally pledged. Program service fees are recorded as services are provided. Interest and other income are recorded as earned.

Restricted grants and contributions are recorded as revenues and net assets with donor restrictions when received or unconditionally pledged. Transfers are made to net assets without donor restrictions as donor restrictions have been satisfied.

Contract service and special events revenue received in advance of services being provided by VRLC is reported as deferred revenue.

Equipment and Depreciation

Purchased equipment is recorded at cost. Donated equipment is recorded at fair value at the time of donation. Renewals and betterments are capitalized, while repairs and maintenance are expensed as incurred.

Depreciation is computed using the straight-line method over the following estimated useful lives:

<table>
<thead>
<tr>
<th>Description</th>
<th>Estimated Useful Lives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office equipment and furniture</td>
<td>3 - 7 years</td>
</tr>
<tr>
<td>Website</td>
<td>3 - 5 years</td>
</tr>
</tbody>
</table>

Accounts Receivables and Allowance for Doubtful Accounts

Accounts receivable are recorded at the invoiced amount and do not bear interest. The allowance for doubtful accounts is recorded based on management’s analysis of specific amounts and their estimate of any amount that may be uncollectible. There was no allowance for doubtful accounts deemed necessary at September 30, 2019 or 2018.
1. OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Goods and Services

Volunteers, employees and other organizations contribute goods and services to VRLC in support of various aspects of its programs. These goods and services are reflected in the accompanying financial statements based upon the estimated value assigned to them by donating volunteers, agencies, and management. The value of these goods and services is as follows for the years ended September 30:

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Donated client legal services</td>
<td>$264,639</td>
<td>$434,350</td>
</tr>
<tr>
<td>Other goods and services</td>
<td>-</td>
<td>15,960</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$264,639</strong></td>
<td><strong>$450,310</strong></td>
</tr>
</tbody>
</table>

Additionally, included in special event direct expenses for the year ended September 30, 2018, is donated goods of $11,116.

Expense Allocations

Expenses related directly to a function are distributed to that program, while other expenses are allocated based upon management’s estimate of the percentage attributable to each function.

The financial statements contain certain categories of expenses that are attributable to program and supporting functions and are allocated on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, employee benefits, payroll taxes, occupancy, and depreciation, which are allocated based on an estimate of time and level of effort spent on VRLC’s program and supporting functions.

Subsequent Events

Subsequent events have been evaluated through February 12, 2020, which is the date the financial statements were available to be issued. See Note 4 for an event that met the criteria for disclosure in the financial statements.

Fair Value Measurements

VRLC follows the accounting and disclosure standards pertaining to ASC Topic, *Fair Value Measurements*, for qualifying assets and liabilities. Fair value is defined as the price that VRLC would receive upon selling an asset or pay to settle a liability in an orderly transaction between market participants.

VRLC uses a framework for measuring fair value that includes a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value. This hierarchy is broken down into three levels based on inputs that market participants would use in valuing the financial instruments based on market data obtained from sources independent of VRLC. Inputs refer broadly to the assumptions that market participants would use in pricing the financial instrument, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the financial instrument developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity’s own assumptions about the assumptions market participants would use in pricing the asset developed based on the best information available.
1. OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements (Continued)

The three-tier hierarchy of inputs is summarized in the three broad levels as follows:

Level 1 - Inputs that reflect unadjusted quoted prices in active markets for identical assets at
the measurement date.

Level 2 - Inputs other than quoted prices that are observable for the asset either directly or
indirectly, including inputs in markets that are not considered to be active.

Level 3 - Inputs that are unobservable, and which require significant judgment or estimation.

An asset or liability's level within the framework is based upon the lowest level of any input that is
significant to the fair value measurement. All qualifying assets and liabilities are valued using Level
1 inputs.

Use of Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to
make estimates and assumptions that affect the reported amounts of assets and liabilities and
disclosure of contingent assets and liabilities at the date of the financial statements and the
reported amounts of revenues and expenses during the reporting period. Actual results could differ
from those estimates.

Statements of Activities and Changes in Net Assets

Transactions deemed by management to be ongoing, major, or central to the provision of program
services are reported as operating revenue and support and operating expenses in the
accompanying statements of activities and changes in net assets. Non-operating activity is reported
as non-operating revenue and includes capital grant activity.

Income Taxes

VRLC accounts for uncertainty in income taxes in accordance with ASC Topic, Income Taxes. This
standard clarifies the accounting for uncertainty in tax positions and prescribes a recognition
threshold and measurement attribute for the financial statements regarding a tax position taken or
expected to be taken in a tax return. VRLC has determined that there are no uncertain tax positions
which qualify for either recognition or disclosure in the financial statements at September 30, 2019
and 2018. VRLC’s information returns are subject to examination by the Federal and state
jurisdictions.

2. EQUIPMENT

Equipment consists of the following at September 30:

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office equipment and furniture</td>
<td>$116,387</td>
<td>$88,837</td>
</tr>
<tr>
<td>Website</td>
<td>20,000</td>
<td>20,000</td>
</tr>
<tr>
<td></td>
<td>136,387</td>
<td>108,837</td>
</tr>
<tr>
<td>Less - accumulated depreciation</td>
<td>95,643</td>
<td>74,254</td>
</tr>
<tr>
<td>Net equipment</td>
<td>$40,744</td>
<td>$34,583</td>
</tr>
</tbody>
</table>
3. **NET ASSETS**

   **Net Assets Without Donor Restrictions**

   Net assets without donor restrictions are those net resources that bear no external restrictions and are generally available for use by VRLC. VRLC has grouped its net assets without donor restrictions into the following categories:

   - **Operating net assets** - represent funds available to carry on the operations of VRLC.
   - **Equipment net assets** - reflect and account for the activities relating to VRLC’s equipment.

   **Net Assets With Donor Restrictions**

   VRLC receives contributions and grants which are designated by donors for specific purposes. These contributions are recorded as net assets with donor restrictions until they are expended for their designated purposes. As of September 30, 2019 and 2018, net assets with donor restrictions consist of funds that are restricted by donors for future program use.

4. **LINE OF CREDIT**

   VRLC has a revolving line of credit agreement with a bank that allows for borrowings of up to $200,000. Borrowings under the agreement are due on demand and interest is payable monthly at the bank’s base lending rate (5% and 5.25% at September 30, 2019 and 2018, respectively), plus 1.5%. The line of credit is secured by all assets of VRLC. This line of credit is renewable annually in December and was renewed in December 2019. The line of credit agreement contains administrative covenants with which VRLC must comply. VRLC was in compliance with all of the covenants except one administrative covenant at September 30, 2019 and 2018, for which a waiver was granted.

5. **OPERATING LEASES**

   VRLC rents office space in Massachusetts and Oregon under various operating lease agreements with aggregate monthly payments of approximately $23,000 expiring at various dates through March 2024. Under one of these agreements, VRLC is also responsible for its proportionate share of common area costs and real estate taxes. During fiscal year 2019, VRLC received four free months of rent related to this space. VRLC records rent expense under the agreement based on the straight-line basis, in accordance with the *Accounting for Leases* standards under U.S. GAAP. Deferred rent under this lease agreement is $51,463 at September 30, 2019, of which a current portion of $5,660 is included in accounts payable and accrued expenses in the accompanying statement of financial position. As defined in the lease agreements, VRLC provided its landlords with security deposits totaling $31,233 and $29,683 as of September 30, 2019 and 2018, which is reflected as deposits in the accompanying statements of financial position.

   In addition, VRLC leases equipment under an operating lease agreement. This agreement expires in May 2021.

   Total rent expense for fiscal years 2019 and 2018 was $248,011 and $214,110, respectively, and is included in occupancy in the accompanying statements of functional expenses.
5. OPERATING LEASES (Continued)

Remaining minimum annual rentals for the non-cancelable portions of the leases are as follows:

<table>
<thead>
<tr>
<th>Fiscal Years</th>
<th>Facility</th>
<th>Equipment</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>$ 252,163</td>
<td>$ 2,392</td>
</tr>
<tr>
<td>2021</td>
<td>208,398</td>
<td>1,595</td>
</tr>
<tr>
<td>2022</td>
<td>172,734</td>
<td>-</td>
</tr>
<tr>
<td>2023</td>
<td>176,088</td>
<td>-</td>
</tr>
<tr>
<td>2024</td>
<td>88,884</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>$ 898,267</td>
<td>$ 3,987</td>
</tr>
</tbody>
</table>

6. RETIREMENT PLAN

VRLC has established a defined contribution retirement plan (the Plan) under IRC Section 403(b) covering all benefit eligible employees. Employees become eligible if they work more than 20 hours per week and complete three months of employment. VRLC makes a matching contribution to the Plan up to 2% of eligible employee salaries. VRLC contributed $29,271 and $19,949 to the Plan during fiscal years 2019 and 2018, respectively, which are included in employee benefits in the accompanying statements of functional expenses.

7. RELATED PARTY TRANSACTIONS

The Executive Director of VRLC is also a voting member of the Board of Directors and abstains from voting on matters pertaining to her compensation.

8. CONCENTRATIONS

Credit Risk

VRLC maintains its cash in one bank in Massachusetts and its balances are insured within the limits of the Federal Deposit Insurance Corporation (FDIC). At certain times during the year, cash balances may exceed the insured amounts. VRLC has not experienced any losses in such accounts. VRLC believes it is not exposed to any significant credit risk on cash.

Funding

Funding agencies and donors exceeding 10% of VRLC’s operating revenues and support or accounts receivable as of and for the years ended September 30, 2019 and 2018, are as follows:

<table>
<thead>
<tr>
<th>Funder</th>
<th>Operating Revenues and Support %</th>
<th>Accounts Receivable %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal Department of Justice (DOJ)</td>
<td>47% 55%</td>
<td>19% 50%</td>
</tr>
<tr>
<td>Federal contract pass-through - DOJ</td>
<td>46% 27%</td>
<td>78% 38%</td>
</tr>
</tbody>
</table>

Federal contract pass-through funding originates with the DOJ and is passed through to VRLC from various state and nonprofit organizations.

Payments to VRLC are subject to audit by the appropriate government agency. In the opinion of management, the results of such audits, if any, will not have a material effect on the financial position of VRLC as of September 30, 2019 and 2018, or on the changes in net assets for the years then ended.
9. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

VRLC’s financial assets available within one year from the statement of financial position date for general operating expenses as of September 30, 2019, are as follows:

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$56,013</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>449,374</td>
</tr>
</tbody>
</table>

Financial assets available to meet cash needs for general expenditures within one year $505,387

As part of VRLC’s liquidity management, VRLC has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. As of September 30, 2019, VRLC has financial assets equal to approximately two months of operating expenses. In the event of an unanticipated liquidity need, VRLC could draw upon the $200,000 available line of credit ($100,000 available to draw; see Note 4).

10. CONTINUING OPERATIONS

For the years ended September 30, 2019 and 2018, VRLC had operating results without donor restrictions of $(357,814) and $(63,949), respectively. At September 30, 2019, VRLC has $93,379 of operating net assets without donor restrictions.

VRLC changed the date of its annual event from the end of the fiscal year to October 2019. As a result, all revenue was deferred and expenses prepaid for a net of $188,000. In addition, the reporting requirement to straight-line rent expenses had a $50,000 impact on the bottom line. The operating results without donor restrictions after excluding the change in the annual event and straight-line rent was $(119,814) for the year ended September 30, 2019.

In the year ended September 30, 2019, the VRLC intentionally invested in infrastructure with the addition of three full-time positions (development and finance staff) to support operations appropriately.

For the year ending September 30, 2020, VRLC is conservatively anticipating the annual event will net $228,300, representing a 21% increase. In addition, VRLC is working on additional opportunities for earned revenue to create sustainable and stable income source without donor restrictions. There are no additional staffing increases planned in fiscal year 2020 and VRLC has budgeted for a $105,000 surplus.