VICTIM RIGHTS LAW CENTER, INC.

FINANCIAL STATEMENTS

with

INDEPENDENT AUDITORS' REPORT

YEARS ENDED SEPTEMBER 30, 2022 AND 2021

Smith Sullivan & Brown PC
CERTIFIED PUBLIC ACCOUNTANTS
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VICTIM RIGHTS LAW CENTER, INC.

REPORT ON FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2022 AND 2021

VICTIM RIGHTS LAW CENTER

Mission Statement

The Victim Rights Law Center's mission is to provide legal representation to victims of rape and sexual assault to help rebuild their lives; and to promote a national movement committed to seeking justice for every rape and sexual assault victim.

www.victimrights.org

VICTIM RIGHTS LAW CENTER, INC.

REPORT ON FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2022 AND 2021

C O N T E N T S

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Victim Rights Law Center, Inc.
Boston, Massachusetts

Opinion

We have audited the accompanying financial statements of Victim Rights Law Center, Inc. (a Massachusetts nonprofit organization), which comprise the statements of financial position as of September 30, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Victim Rights Law Center, Inc. as of September 30, 2022 and 2021, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Victim Rights Law Center, 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Victim Rights Law Center, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

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

To the Board of Directors
Victim Rights Law Center, Inc.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Victim Rights Law Center, Inc.'s internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Victim Rights Law Center, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2023 on our consideration of Victim Rights Law Center, 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 Victim Rights Law Center, 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 Victim Rights Law Center, Inc.'s internal control over financial reporting and compliance.

Smith, Sullivan & Brown, PC

Westborough, Massachusetts
June 28, 2023

VICTIM RIGHTS LAW CENTER, INC.

STATEMENTS OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2022 AND 2021

ASSETS

	2022	2021
CURRENT ASSETS:		
Cash	$ 599,344	$ 304,238
Grants Receivable	460,652	426,967
Contributions and Sponsorships Receivable	51,428	16,088
Program Services Receivable	24,897	3,491
Prepaid Expenses	23,841	51,546
Total Current Assets	1,160,162	802,330
NET PROPERTY AND EQUIPMENT	21,666	46,504
OTHER ASSETS:		
Deposits	12,667	8,874
Total Other Assets	12,667	8,874
TOTAL ASSETS	$ 1,194,495	$ 857,708

LIABILITIES AND NET ASSETS

	2022	2021
CURRENT LIABILITIES:		
Line-of-Credit	$ -	$ 150,000
Accounts Payable and Accrued Expenses	23,542	27,203
Accrued Payroll and Related Costs	159,494	156,363
Conditional Grant Advance	-	1,756
Deferred Revenue	-	110,850
Total Current Liabilities	183,036	446,172
TOTAL LIABILITIES	183,036	446,172
NET ASSETS:		
Net Assets Without Donor Restrictions:		
Operating	882,180	286,981
Invested in Property and Equipment	21,666	46,504
Total Net Assets Without Donor Restrictions	903,846	333,485
Net Assets With Donor Restrictions	107,613	78,051
Total Net Assets	1,011,459	411,536
TOTAL LIABILITIES AND NET ASSETS	$ 1,194,495	$ 857,708

VICTIM RIGHTS LAW CENTER, INC.

STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021

	2022			2021		
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL ACTIVITIES	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL ACTIVITIES
SUPPORT, REVENUES AND RECLASSIFICATIONS:						
Government Grants and Contracts	$ 2,557,568	$ -	$ 2,557,568	$ 2,927,239	$ -	$ 2,927,239
Donated Goods and Services	511,677	-	511,677	800,822	-	800,822
Gifts, Grants and Contributions	166,111	51,500	217,611	332,719	26,000	358,719
Proceeds from Special Events	524,642	-	524,642	21,534	-	21,534
Less: Cost of Direct Benefits to Donors	(35,290)	-	(35,290)	-	-	-
Program Service Fees	183,298	-	183,298	54,735	-	54,735
Interest and Other Income	552	-	552	9,046	-	9,046
Net Assets Released from Purpose Restrictions	21,938	(21,938)	-	30,237	(30,237)	-
TOTAL SUPPORT, REVENUES AND RECLASSIFICATIONS	**3,930,496**	**29,562**	**3,960,058**	**4,176,332**	**(4,237)**	**4,172,095**
EXPENSES:						
Program Services:						
Client Services	2,070,360	-	2,070,360	2,753,844	-	2,753,844
National Training and Technical Assistance	596,147	-	596,147	601,868	-	601,868
Total Program Services	2,666,507	-	2,666,507	3,355,712	-	3,355,712
Supporting Services:						
Administrative	496,604	-	496,604	592,688	-	592,688
Fund Raising	197,024	-	197,024	173,932	-	173,932
TOTAL EXPENSES	**3,360,135**	**-**	**3,360,135**	**4,122,332**	**-**	**4,122,332**
CHANGE IN NET ASSETS	**570,361**	**29,562**	**599,923**	**54,000**	**(4,237)**	**49,763**
NET ASSETS - BEGINNING OF YEAR	**333,485**	**78,051**	**411,536**	**279,485**	**82,288**	**361,773**
NET ASSETS - END OF YEAR	**$ 903,846**	**$ 107,613**	**$ 1,011,459**	**$ 333,485**	**$ 78,051**	**$ 411,536**

VICTIM RIGHTS LAW CENTER, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2022
(With Summarized Comparative Totals for 2021)

	CLIENT SERVICES	NATIONAL TRAINING AND TECHNICAL ASSISTANCE	TOTAL PROGRAM SERVICES	ADMINI-STRATIVE	FUND RAISING	EVENT COSTS	TOTAL FUNCTIONAL EXPENSES 2022	TOTAL FUNCTIONAL EXPENSES 2021
Personnel and Related Expenses :								
Salaries and Wages	$ 1,088,207	$ 386,936	$ 1,475,143	$ 238,710	$ 120,034	$ -	$ 1,833,887	$ 1,971,553
Employee Benefits	148,797	52,577	201,374	32,204	16,331	-	249,909	245,888
Payroll Taxes	86,756	30,938	117,694	19,086	9,597	-	146,377	161,061
Donated Legal Services	429,997	85	430,082	116,316	-	-	546,398	814,189
Total Personnel and Related Expenses	1,753,757	470,536	2,224,293	406,316	145,962	-	2,776,571	3,192,691
Other Expenses :								
Occupancy	53,509	17,228	70,737	71	-	-	70,808	312,848
Professional Fees	117,883	77,642	195,525	5,295	34,931	-	235,751	226,670
Audit and Accounting	-	-	-	38,367	-	-	38,367	151,730
Travel	8,561	9,573	18,134	2,455	491	-	21,080	7,602
Office	34,636	4,696	39,332	16,833	8,765	-	64,930	41,159
Technical Support	16,615	4,886	21,501	1,722	1,577	-	24,800	30,702
Telephone	16,194	5,439	21,633	18,454	1,205	-	41,292	49,899
Printing and Postage	7,641	599	8,240	1,396	2,399	-	12,035	11,284
Insurance	13,741	3,429	17,170	1,664	1,280	-	20,114	21,709
Depreciation Expense	24,838	-	24,838	-	-	-	24,838	51,526
Training and Conferences	7,015	565	7,580	1,789	240	-	9,609	17,250
Meals	87	249	336	341	174	-	851	-
Minor Equipment and Maintenance	15,883	1,305	17,188	818	-	-	18,006	7,262
Miscellaneous	-	-	-	1,083	-	-	1,083	-
Special Events	-	-	-	-	-	35,290	35,290	-
Total Other Expenses	316,603	125,611	442,214	90,288	51,062	35,290	618,854	929,641
Total Functional Expenses	**2,070,360**	**596,147**	**2,666,507**	**496,604**	**197,024**	**35,290**	**3,395,425**	**4,122,332**
Cost of Direct Benefits to Donors	-	-	-	-	-	(35,290)	(35,290)	-
Expenses as Presented on the Statement of Activities	**$ 2,070,360**	**$ 596,147**	**$ 2,666,507**	**$ 496,604**	**$ 197,024**	**$ -**	**$ 3,360,135**	**$ 4,122,332**

VICTIM RIGHTS LAW CENTER, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	CLIENT SERVICES	NATIONAL TRAINING AND TECHNICAL ASSISTANCE	TOTAL PROGRAM SERVICES	ADMINI-STRATIVE	FUND RAISING	TOTAL FUNCTIONAL EXPENSES
Personnel and Related Expenses :						
Salaries and Wages	$ 1,353,289	$ 359,928	$ 1,713,217	$ 136,245	$ 122,091	$ 1,971,553
Employee Benefits	145,642	45,029	190,671	39,428	15,789	245,888
Payroll Taxes	109,417	27,994	137,411	14,746	8,904	161,061
Donated Client Legal Services	639,600	-	639,600	174,589	-	814,189
Total Personnel and Related Expenses	2,247,948	432,951	2,680,899	365,008	146,784	3,192,691
Other Expenses :						
Occupancy	221,947	61,779	283,726	13,931	15,191	312,848
Professional Fees	140,319	82,192	222,511	2,880	1,279	226,670
Audit and Accounting	-	-	-	151,730	-	151,730
Travel	5,309	1,899	7,208	394	-	7,602
Office	23,487	3,477	26,964	8,384	5,811	41,159
Technical Support	21,192	5,826	27,018	1,721	1,963	30,702
Telephone	29,847	6,030	35,877	12,676	1,346	49,899
Printing and Postage	8,756	1,082	9,838	1,446	-	11,284
Insurance	14,335	4,739	19,074	1,434	1,201	21,709
Depreciation Expense	21,225	-	21,225	30,301	-	51,526
Training and Conferences	15,345	105	15,450	1,705	95	17,250
Minor Equipment and Maintenance	4,134	1,788	5,922	1,078	262	7,262
Total Other Expenses	505,896	168,917	674,813	227,680	27,148	929,641
Total Functional Expenses	**$ 2,753,844**	**$ 601,868**	**$ 3,355,712**	**$ 592,688**	**$ 173,932**	**$ 4,122,332**

VICTIM RIGHTS LAW CENTER, INC.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	$ 599,923	$ 49,763
Adjustments to Reconcile the Above to Net Cash Provided (Used) by Operating Activities:		
Depreciation Expense	24,838	29,014
(Increase) Decrease in Current Assets:		
Grants Receivable	(33,685)	(48,504)
Contributions and Sponsorships Receivable	(35,340)	(3,588)
Program Services Receivable	(21,406)	(3,491)
Prepaid Expenses	27,705	38,867
Increase (Decrease) in Current Liabilities:		
Accounts Payable and Accrued Expenses	(3,661)	(57,419)
Accrued Payroll and Related Costs	3,131	19,609
Conditional Grant Advance	(1,756)	(207,248)
Deferred Revenue	(110,850)	110,850
Deferred Rent	-	(9,014)
(Increase) Decrease in Other Assets:		
Deposits	(3,793)	22,359
Increase (Decrease) in Non-Current Liabilities:		
Deferred Rent	-	(36,789)
Net Adjustment	(154,817)	(145,354)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	**445,106**	**(95,591)**
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of Property and Equipment	-	(31,349)
Net Cash Flows From Investing Activities	-	(31,349)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net Advances (Repayments) on Line-of-Credit	(150,000)	150,000
Net Cash Flows From Financing Activities	(150,000)	150,000
NET INCREASE IN CASH BALANCES	**295,106**	**23,060**
CASH BALANCES - BEGINNING OF YEAR	**304,238**	**281,178**
CASH BALANCES - END OF YEAR	**$ 599,344**	**$ 304,238**
Supplemental Disclosures :		
Interest Paid	*$ 1,164*	*$ 1,210*

VICTIM RIGHTS LAW CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022 AND 2021

NOTE 1 ORGANIZATION

Victim Rights Law Center, Inc. (“Victim Rights Law Center”, “VRLC” or the “Organization”) was incorporated in April 2002 under the provisions of Massachusetts General Laws Chapter 180 and qualifies as a tax-exempt nonprofit corporation under Section 501(c)(3) of the Internal Revenue Code (“IRC”). VRLC has been classified as an organization which is not a private foundation under IRC Section 509(a); accordingly, contributions made to this Organization qualify for the maximum charitable deduction for federal income tax purposes.

NOTE 2 PROGRAM SERVICES

Victim Rights Law Center, Inc. is headquartered in Boston, Massachusetts with additional offices in Belchertown, MA and 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 pro bono lawyers provide free, holistic, comprehensive legal representation to victims of rape 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 2022 and 2021, 842 and 1,022 clients were served, respectively. Each client typically has an average of two to three separate and distinct legal needs.

Nationally, VRLC provided training, technical assistance, mentoring, and support to lawyers, community advocates, sexual assault nurse examiners, advocates, college administrators, rape crisis center counsels, and other professionals. In fiscal years 2022 and 2021, VRLC trained over 4,300 and 5,200 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.

The 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 and mentorship of other professionals. VRLC is committed to leading a new response to sexual violence that helps survivors stabilize and rebuild their lives.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting:

The financial statements of the Victim Rights Law Center, Inc. have been prepared on the accrual basis of accounting and accordingly, reflect all significant receivables, payables and other liabilities.

Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles ("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; however, adherence to generally accepted accounting principles, has in management's opinion, resulted in reliable and consistent financial reporting by the Organization.

Financial Statement Presentation:

The Organization reports information regarding their financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. These classifications are related to the existence or absence of donor-imposed restrictions as defined below.

> *Net Assets Without Donor Restrictions* - Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. In addition, net assets within this classification include funds which represent resources designated by the Board of Directors for specific purposes.
>
> *Net Assets With Donor Restrictions* - Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature, such as those that are restricted by a donor that the resources be maintained in perpetuity. As of September 30, 2022 and 2021, the Organization has no net assets that are required to be maintained in perpetuity. The Organization's unspent contributions are reported in net assets with donor restrictions if the donor limited their use, as are promised contributions that are not yet due. Contributions of property and equipment or cash restricted to acquisition of property and equipment are reported as net assets with donor restrictions if the donor has restricted the use of the property or equipment to a particular program. These restrictions expire when the assets are placed in service.

Receivables:

Grants Receivable primarily represents amounts which are due from government funded program service grant agreements which are administered on a cost-reimbursement basis.

Contributions and Sponsorships Receivable represents event proceeds and commitments due from the annual fundraising event, which was held in September 2022.

Program Services Receivable represents the balance due on services performed pursuant to a technical assistance consulting agreement.

NOTE 3 *(Continued)*

On a periodic basis, Management evaluates receivables and establishes an allowance for doubtful accounts, based on past collections and current credit conditions. A receivable is considered past due if payment has not been received within stated terms. Management will then exhaust all methods to collect the receivable. Once all practical resources to collect the receivable have been utilized without success, the receivable is deemed uncollectible and charged to the allowance for doubtful accounts. Amounts due are considered fully collectible; consequently, these financial statements do not contain a provision for uncollectible receivables and there were no bad debts for the years presented.

Receivables may also include balances due on unconditional promises to give. Amounts are classified as current if they are scheduled for payment within one year, and non-current when the expected payment date exceeds one year. Promises to give with expected payment dates that extend beyond one year are discounted to their present value when considered material.

Property and Equipment:

Property, equipment, furnishing and improvement purchases in excess of $1,000 are capitalized at cost, if purchased, or if donated, at fair value at the date of receipt. Expenditures for maintenance, repairs and renewals are charged to expense as incurred, whereas major betterments are capitalized as additions to property and equipment. Depreciation of property and equipment is computed on the straight-line method, and is charged against support and revenues over the estimated useful lives of the assets as expressed in terms of years. In the accompanying financial statements, property and equipment, consisting of computer and technology costs, are depreciated over a three year life.

Deferred Rent:

During FY 2019, in connection with a new operating lease agreement, the Organization received rent waivers for a three-month period. Rent expense is recorded on a straight-line basis over the term of the lease; accordingly, a deferred rent liability had been reported in the Statement of Financial Position as of September 30, 2020. During FY 2021, the Organization terminated this lease and recognized an expense reduction for the balance of the deferred rent liability *(See Note 7).*

Government Grants and Contracts:

The Organization recognizes revenue derived from cost-reimbursement contracts and grants from the U.S. Department of Justice's Office on Violence Against Women ("OVW") and passthrough funding from the U.S. Department of Justice's Victims of Crime Act ("VOCA") received from the Massachusetts Office for Victim Assistance ("MOVA"), Oregon Crime Victim and Survivor Services Division ("CVSSD") and the Massachusetts Legal Assistance Corporation ("MLAC"). These contracts are conditional upon certain performance requirements and the incurrence of allowable qualifying expenses and are accounted for as conditional grants. When applicable, amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. When applicable, amounts received in advance of meeting the above conditions are reported as *Conditional Grant Advances*, a current liability within the Statements of Financial Position.

NOTE 3 *(Continued)*

Gifts, Grants and Contributions:

The Organization is the beneficiary of contributions in the form of grants from other organizations, governmental agencies, donations of cash and financial assets from individuals and contributions of nonfinancial assets. Contributions, including promises to give, without donor conditions are recognized as revenue at their estimated fair value at the date of donation and classified as either with or without donor restrictions depending on the donor’s stipulations or lack thereof. Unconditional, multi-year commitments are recognized in the year during which the initial commitment is made at the amount that the Organization reasonably expects to collect. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risk involved when such amounts are considered material. Amounts receivable from donors are evaluated yearly for collectability and an allowance for uncollectible pledges is recorded as necessary.

Support that is restricted by the donor is reported as an increase in net assets with donor restrictions until the restriction are met, at which time the net assets are reclassified to net assets without donor restrictions.

Conditional donations are those that have a measurable performance or other barrier and include a right of return of the assets or right of release of the donor from further obligation if the conditions are not met. Conditional donations are not recognized until the associated barriers are met. Any cash received before the conditions or barriers are met is reported as a refundable grant advance. When the conditions are met the revenue is reported as contributions without donor restrictions unless there are further restrictions over and above those associated with the donor conditions. In such cases, when the conditions and restrictions are met within the same reporting period, the support is recognized as contributions or grants without donor restrictions.

Revenue classified as *Proceeds from Special Events* is comprised of an exchange element based upon the direct benefits donors receive and a contribution element for the difference. The Organization recognizes special events revenue equal to the fair value of direct benefits to donors when the special event takes place. The Organization recognizes the contribution element of special event revenue immediately, unless there is a right of return if the special event does not take place. Accordingly, sponsorships and ticket sales received in advance of the event are reported as deferred revenue.

Donations of Nonfinancial Assets:

Contributed nonfinancial assets includes donated professional services. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. All such donations are classified as contributions without donor restrictions and VRLC does not monetize its nonfinancial donations.

NOTE 3 *(Continued)*

Functional Expenses:

The Organization allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expense classification. Other expenses that are common to several functions are allocated based upon Management's estimates of space and time usage. Supporting services are those related to operating and managing the Organization and its programs on a day-to-day basis. In the accompanying Statement of Functional Expenses, *Salaries and Wages, Payroll Taxes, Employee Benefits* and *Occupancy* are allocated based on estimates of time and effort. Supporting services have been sub-classified as follows:

Administrative - includes all activities related to Victim Rights Law Center's internal management and accounting for program services.

Fund Raising - includes all activities related to maintaining contributor information, writing grant proposals, direct mail solicitation, distribution of materials and other similar projects related to the procurement of funds for VRLC's programs.

Event Costs - includes expenses incurred for fund raising events which represents the cost of direct benefits to the donors and are presented separately in the Statement of Functional Expenses and are also presented net of event proceeds in the accompanying Statements of Activities.

Recent Accounting Guidance:

Recently Implemented Standards

In May 2014, the FASB issued ASC Update No. 2014-09, (Topic 606) *Revenue from Contracts with Customers*. In August 2015 and June 2020, the FASB deferred the effective implementation date. This ASU is a comprehensive new revenue recognition model that requires an organization to recognize revenue to depict the transfer of goods or services to a customer at an amount that reflects the consideration it expects to receive in exchange for those goods or services. This updated guidance impacts not-for-profit entities that have revenue transactions other than contributions. This standard was adopted by the Organization effective October 1, 2020. Analysis of various provisions of this standard resulted in no significant changes in the way the Organization recognizes revenue, and therefore no changes to the previously issued audited statements were required on a retrospective basis.

During the year ended September 30, 2022, VRLC adopted ASU 2020-07 *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets.* This ASU increases transparency in reporting nonprofit gifts-in-kind in the Organization's financial statements. Although the standard did not change the accounting for contributed nonfinancial assets, the Organization's disclosures have been enhanced to provide qualitative policy information on the techniques and inputs used to determine the valuation of nonfinancial donations.

NOTE 3 *(Continued)*

Recently Issued Standards

In February 2016, the FASB issued ASC Update No. 2016-02, (Topic 842) *Leases* which establishes a comprehensive new lease accounting model. The new standard clarifies the definition of a lease and causes lessees to recognize leases on the balance sheet as a lease liability with a corresponding right-of-use asset for leases with a lease term of more than one year. This standard is effective for this Organization in financial statements issued for the fiscal year beginning October 1, 2022. The new standard requires a modified retrospective transition for capital or operating leases existing at or entered into after the beginning of the earliest comparative period presented in the financial statements, but it does not require transition accounting for leases that expire prior to the date of initial application.

Reclassifications:

Certain amounts in the prior year information have been reclassified to conform to the current year presentation. Reclassifications made to the prior year financial statements have no impact on total net assets or changes in net assets.

NOTE 4 PROPERTY AND EQUIPMENT

The following is a summary of the Organization’s property and equipment consisting of computer equipment and capitalized and technology costs as of September 30, 2022 and 2021:

	2022	2021
Cost	$109,003	$109,003
Less: Accumulated Depreciation	(87,337)	(62,499)
Property and Equipment, Net	$ 21,666	$ 46,504

NOTE 5 LINE-OF-CREDIT

To support VRLC during delays in payments on grant billing, 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 plus 1.5% (9.50% and 4.75% as of September 30, 2022 and 2021). 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 2022. The balance of the line-of credit was zero and $150,000 as of September 30, 2022 and 2021, and interest paid on borrowings was $1,164 and $1,210 for each respective fiscal year.

NOTE 6 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consists of unexpended donor-designated grants and contributions. As of September 30, 2022 and 2021, the ending net assets with donor restrictions consisted of $107,613 and $78,051, respectively, restricted for programs.

Net assets were released by incurring expenses which satisfied the program restrictions. For the years ended September 30, 2022 and 2021, $21,938 and $30,237, respectively, were released from restriction.

NOTE 7 OPERATING LEASES

VRLC rents office space in five locations in Massachusetts and Oregon under operating lease agreements with aggregate monthly payments of approximately $5,300 expiring at various dates through September 2025. Under one of these agreements, VRLC is also responsible for its proportionate share of common area costs and real estate taxes.

During FY 2019, VRLC received four free months of rent related to the Boston, MA office space. VRLC recorded rent expense under the agreement based on the straight-line basis in accordance with the *Accounting for Leases* standards under GAAP. The accounting treatment generated a deferred rent liability of $45,803 as of September 30, 2020 which was resolved as part of the final rent payments and lease termination.

In June 2021, the Organization entered into a settlement agreement with the Boston, MA office landlord to terminate the Boston lease early. The settlement required payment of $250,000 of rent accrued and not paid and related charges. VRLC paid the settlement before September 30, 2021.

As required by the lease agreements, VRLC provided its landlords with security deposits totaling $12,667 and $8,874 as of September 30, 2022 and 2021, respectively, which is reflected as *Deposits* in the accompanying Statements of Financial Position.

The total rent expense for fiscal years 2022 and 2021 was $63,121 and $308,535, respectively, and is included in *Occupancy* in the accompanying statements of functional expenses.

Future minimum payments for the remainder of the non-cancellable facility lease agreements are as follows:

Year Ended	Amount
September 30, 2023	$ 88,089
September 30, 2024	82,712
September 30, 2025	40,313
Total	$211,114

NOTE 8 GOVERNMENT FUNDED GRANTS AND AGREEMENTS

U.S. Department of Justice ("DOJ"):

Direct Federal Awards

During the years presented, VRLC was the recipient of seven direct federal awards through the DOJ Office on Violence Against Women ("OVW").

The first award was funded under the federal *Legal Assistance for Victims Grant Program* and originally had a three-year term expiring September 30, 2019 with total funding of $800,000. In September 2019, this contract was amended to extend the term of the award through September 30, 2022 with additional funding of $800,000. The grant supports VRLC's Comprehensive Legal Services for Sexual Assault Victims in Massachusetts program. In August 2022, this award was renewed for a three-year term expiring September 30, 2025 with total available funding of $800,000.

NOTE 8 *(Continued)*

The second award was funded under the federal *OVW Technical Assistance Initiative* and originally had a three-year term expiring September 30, 2018 with total funding of $600,000. In September 2018, this contract was amended to extend the term of the award through September 30, 2021 with additional funding of $577,971. The project period was subsequently extended through January 31, 2022. This grant supports VRLC's National Sexual Assault Justice Education Project (SAJE). In September 2021, this award was renewed for a three-year term expiring September 30, 2024 with total available funding of $599,959.

The third award was funded under the federal *Legal Assistance for Victims Grant Program* and originally had a three-year term expiring September 30, 2018 with total funding of $800,000. In September 2018, this contract was amended to extend the term of the award through September 30, 2021 with additional funding of $800,000. This grant supports VRLC's Legal Access to Rape Survivors (LARS) Project in Oregon. In September 2021, this award was renewed for a three-year term expiring September 30, 2024 with total available funding of $799,997.

The fourth award was funded under the federal *OVW Technical Assistance Initiative* and originally had a three-year term expiring September 30, 2018 with total funding of $425,000. In September 2018, this contract was amended to extend the term of the award through September 30, 2021 with additional funding of $599,989. The project period was subsequently extended through September 30, 2022. This grant supports VRLC's Privacy Rights Project.

The fifth award was funded under the federal *OVW Technical Assistance Initiative* and originally had a two-year term expiring September 30, 2019 with total funding of $600,000. In September 2019, this contract was amended to extend the term of the award through September 30, 2021 with additional funding of $600,000. The project period was subsequently extended through February 28, 2022. This grant supports VRLC's Campus Gender-Based Violence Conduct Project. In September 2021, this award was renewed for a eighteen-month term expiring March 31, 2023 with total available funding of $350,000. Subsequent to year end, this award has been renewed for two additional years with total available funding of $700,000.

The sixth award was funded under the federal *OVW Technical Assistance Initiative* and has a three-year term which expired in April 2021 with total available funding of $500,000. This grant supported VRLC's Campus and Minors Privacy Project (CAMPP).

The seventh award was funded under the federal *OVW Technical Assistance Initiative* and has a two-year term expiring September 2023 with total available funding of $349,980. This grant supports VRLC's Legal Empowerment Advocacy Project (LEAP).

Passthrough Awards

VRLC received additional DOJ awards under the Victims of Crime Act ("VOCA") from three cost-reimbursement contracts through the Massachusetts Office for Victim Assistance ("MOVA"), the Oregon Crime Victim and Survivor Services Division ("CVSSD") and the Massachusetts Legal Assistance Corporation ("MLAC").

NOTE 8 *(Continued)*

The first award was executed through MOVA with a two-year term and a maximum obligation of $1,909,204 through June 30, 2022. In August 2022, a new award from MOVA was received for a one-year term from July 1, 2022 through June 30, 2023 with a maximum obligation of $964,233. The contract provided funding totaling $818,599 and $957,751 for the years ended September 30, 2022 and 2021, respectively.

The second award was executed through CVSSD with a maximum three-year budget of $577,224 for the project period ended September 30, 2022. The contract provided funding totaling $176,040 and $156,592, respectively, for the years ended September 30, 2022 and 2021. As of September 30, 2022, this award has been renewed for two additional years with total available funding of $404,214.

The third award was executed through MLAC with one-year contracts renewed each year for the period of July through June. The contract provided funding totaling $473,822 and $625,461, respectively, for the years ended September 30, 2022 and 2021.

Total revenue received through DOJ funded programs was $2,554,769 and $2,921,029 for the years ended September 30, 2022 and 2021, respectively. Four new DOJ awards were approved in September 2021 with aggregate maximum budgets totaling $2,099,936. As of September 30, 2022 and 2021, the aggregate conditional funding remaining on the above awards was $3,336,197 and $4,386,657, respectively.

NOTE 9 DONATED GOODS AND SERVICES

Volunteers, employees and other organizations contribute goods and services to VRLC in support of various aspects of its programs and administration. 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, 2022 and 2021:

Description	2022	2021
Pro Bono Legal Services	$511,592	$741,202
Other Goods and Services	85	59,620
Total	$511,677	$800,822

NOTE 10 EMPLOYEE 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 $38,577 and $35,306 to the Plan during fiscal years 2022 and 2021, respectively, which are included in *Employee Benefits* in the accompanying Statements of Functional Expenses.

NOTE 11 CONCENTRATION OF CREDIT RISK

Cash:

Victim Rights Law Center is subject to concentrations in credit risk relating primarily to cash. The Organization's cash is held in major financial institutions. At certain times during the year, cash balances may exceed the insured amounts. As of September 30, 2022 and 2021, VRLC had $353,968 and $68,967, respectively, in excess of FDIC limits. However, the Organization has not experienced any losses on such accounts.

Grant Revenue and Grants Receivable:

Approximately 37% and 43% of total support and revenues and 61% and 73% of *Grants Receivable* are related to VOCA funded grants passed through various state agencies as of and for the years ended September 30, 2022 and 2021, respectively.

Approximately 26% and 29% of total support and revenues and 39% and 25% of *Grants Receivable* are related to direct awards from the U.S. Department of Justice as of September 30, 2022 and 2021, respectively.

VRLC is the recipient of government funded grants which are subject to an annual renewal process; therefore, while the Organization is a long-time grantee with anticipated continued funding, future funding is not guaranteed. These contracts are subject to possible audit by the appropriate government agencies. 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, 2022 and 2021, or on its change in net assets for the years then ended.

NOTE 12 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following table reflects the Organization’s financial assets as of September 30, 2022 and 2021 which are available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year of the Statements of Financial Position date or because the governing board has set aside the funds for a specific use or when restricted by donors for purposes more limited than general expenditures.

	2022	2021
Financial Assets:		
Cash	$ 599,344	$304,238
Receivables	536,977	446,546
Total Financial Assets Available to Meet General Expenditures Within One Year	$1,136,321	$750,784

As part of the Organization’s liquidity management, the Board of Directors has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization’s cash flows have seasonal variations during the year attributable to billing for program services, which are invoiced monthly, as well as the timing of its special fundraising event. In the event of an unanticipated liquidity need, VRLC could draw upon the $200,000 available line-of-credit (see Note 5 for more information on the line-of-credit).

NOTE 12 *(Continued)*

For purposes of analyzing resources available to meet general expenditures over a twelve-month period, the Organization considers all expenditures related to its ongoing activities of operating its program, as described in Note 2, as well as the conduct of services undertaken to support those activities to be general expenditures.

NOTE 13 SUBSEQUENT EVENTS

Management is required to consider events subsequent to the financial statement date for potential adjustment to or disclosure in the financial statements. Therefore, Management has evaluated subsequent events through June 28, 2023, the date which the financial statements were available for issue and, other than the renewal of the line-of-credit as disclosed in Note 5, noted no events which met the recognition or disclosure criteria.