

VICTIM RIGHTS LAW CENTER, INC.

FINANCIAL STATEMENTS

with

INDEPENDENT AUDITORS' REPORT

YEARS ENDED SEPTEMBER 30, 2020 AND 2019

Smith  Sullivan
& Brown PC
CERTIFIED PUBLIC ACCOUNTANTS

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VICTIM RIGHTS LAW CENTER, INC.
REPORT ON FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2020 AND 2019



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.

VICTIM RIGHTS LAW CENTER, INC.

REPORT ON FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2020 AND 2019

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INDEPENDENT AUDITORS' REPORT

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

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, 2020, and the related statements of activities, functional expenses and cash flows for the year 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization'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 Organization'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, 2020, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

Report on Prior Year Information

The financial statements of Victim Right Law Center, Inc. for the year ended September 30, 2019 were audited by other auditors whose report dated February 12, 2020 expressed an unmodified opinion on those statements. In our opinion, the financial information presented herein as of and for the year ended September 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 23, 2021 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
April 23, 2021

VICTIM RIGHTS LAW CENTER, INC.

STATEMENTS OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2020 AND 2019

ASSETS

	<u>2020</u>	<u>2019</u>
<u>CURRENT ASSETS:</u>		
Cash	\$ 281,178	\$ 97,772
Gifts and Grants Receivable	390,963	461,874
Prepaid Expenses	90,413	119,077
Total Current Assets	<u>762,554</u>	<u>678,723</u>
 <u>PROPERTY AND EQUIPMENT:</u>		
Net of Accumulated Depreciation	<u>44,169</u>	<u>40,744</u>
 <u>OTHER ASSETS:</u>		
Deposits	<u>31,233</u>	<u>31,233</u>
Total Other Assets	<u>31,233</u>	<u>31,233</u>
 <u>TOTAL ASSETS</u>	 <u>\$ 837,956</u>	 <u>\$ 750,700</u>

LIABILITIES AND NET ASSETS

<u>CURRENT LIABILITIES:</u>		
Line-of-Credit	\$ -	\$ 100,000
Accounts Payable and Accrued Expenses	84,622	62,233
Accrued Payroll and Related Costs	136,754	122,582
Conditional Grant Advances	209,004	25,276
Deferred Revenue	-	206,424
Deferred Rent	9,014	5,660
Total Current Liabilities	<u>439,394</u>	<u>522,175</u>
 <u>NON-CURRENT LIABILITIES:</u>		
Deferred Rent	<u>36,789</u>	<u>40,143</u>
Total Non-Current Liabilities	<u>36,789</u>	<u>40,143</u>
 <u>TOTAL LIABILITIES</u>	 <u>476,183</u>	 <u>562,318</u>
 <u>NET ASSETS:</u>		
Net Assets Without Donor Restrictions:		
Operating	235,316	93,379
Invested in Property and Equipment	44,169	40,744
Total Net Assets Without Donor Restrictions	<u>279,485</u>	<u>134,123</u>
Net Assets With Donor Restrictions	82,288	54,259
Total Net Assets	<u>361,773</u>	<u>188,382</u>
 <u>TOTAL LIABILITIES AND NET ASSETS</u>	 <u>\$ 837,956</u>	 <u>\$ 750,700</u>

VICTIM RIGHTS LAW CENTER, INC.

STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

	2020			2019		
	<u>WITHOUT DONOR DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTIONS</u>	<u>TOTAL ACTIVITIES</u>	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTIONS</u>	<u>TOTAL ACTIVITIES</u>
<u>SUPPORT, REVENUES AND RECLASSIFICATIONS:</u>						
Government Grants and Contracts	\$ 2,631,003	\$ -	\$ 2,631,003	\$ 2,879,079	\$ -	\$ 2,879,079
Donated Goods and Services	460,060	-	460,060	264,639	-	264,639
Gifts, Grants and Contributions	261,743	48,000	309,743	64,519	40,000	104,519
Paycheck Protection Program Grant	417,889	-	417,889	-	-	-
Proceeds from Special Events	288,348	-	288,348	67,424	-	67,424
Less: Cost of Direct Benefits to Donors	(18,600)	-	(18,600)	-	-	-
Program Service Fees	11,668	-	11,668	42,371	-	42,371
Interest and Other Income	32,702	-	32,702	6,507	-	6,507
Net Assets Released from Purpose Restrictions	19,971	(19,971)	-	16,812	(16,812)	-
<u>TOTAL SUPPORT, REVENUES AND RECLASSIFICATIONS</u>	<u>4,104,784</u>	<u>28,029</u>	<u>4,132,813</u>	<u>3,341,351</u>	<u>23,188</u>	<u>3,364,539</u>
<u>EXPENSES:</u>						
<i>Program Services:</i>						
Client Services	2,569,217	-	2,569,217	2,433,517	-	2,433,517
National Training and Technical Assistance	759,421	-	759,421	923,699	-	923,699
Total Program Services	3,328,638	-	3,328,638	3,357,216	-	3,357,216
<i>Supporting Services:</i>						
Administrative	375,887	-	375,887	101,094	-	101,094
Fund Raising	254,897	-	254,897	214,592	-	214,592
<u>TOTAL EXPENSES</u>	<u>3,959,422</u>	<u>-</u>	<u>3,959,422</u>	<u>3,672,902</u>	<u>-</u>	<u>3,672,902</u>
<u>CHANGE IN NET ASSETS</u>	<u>145,362</u>	<u>28,029</u>	<u>173,391</u>	<u>(331,551)</u>	<u>23,188</u>	<u>(308,363)</u>
<u>NET ASSETS - BEGINNING OF YEAR</u>	<u>134,123</u>	<u>54,259</u>	<u>188,382</u>	<u>465,674</u>	<u>31,071</u>	<u>496,745</u>
<u>NET ASSETS - END OF YEAR</u>	<u>\$ 279,485</u>	<u>\$ 82,288</u>	<u>\$ 361,773</u>	<u>\$ 134,123</u>	<u>\$ 54,259</u>	<u>\$ 188,382</u>

VICTIM RIGHTS LAW CENTER, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2020

(With Summarized Comparative Totals for 2019)

	<u>CLIENT</u> <u>SERVICES</u>	<u>NATIONAL</u> <u>TRAINING AND</u> <u>TECHNICAL</u> <u>ASSISTANCE</u>	<u>TOTAL</u> <u>PROGRAM</u> <u>SERVICES</u>	<u>ADMINI-</u> <u>STRATIVE</u>	<u>FUND</u> <u>RAISING</u>	<u>COST OF</u> <u>DIRECT BENEFIT</u> <u>TO DONORS</u>	<u>TOTAL</u> <u>FUNCTIONAL EXPENSES</u> <u>2020</u>	<u>2019</u>
<i>Personnel and Related Expenses :</i>								
Salaries and Wages	\$ 1,357,662	\$ 463,994	\$ 1,821,656	\$ 141,618	\$ 108,821	\$ -	\$ 2,072,095	\$ 1,926,335
Employee Benefits	181,156	81,999	263,155	15,265	18,743	-	297,163	264,967
Payroll Taxes	109,022	36,652	145,674	13,422	8,797	-	167,893	159,809
Donated Legal Services	446,284	-	446,284	1,762	-	-	448,046	213,501
Total Personnel and Related Expenses	<u>2,094,124</u>	<u>582,645</u>	<u>2,676,769</u>	<u>172,067</u>	<u>136,361</u>	<u>-</u>	<u>2,985,197</u>	<u>2,564,612</u>
<i>Other Expenses :</i>								
Occupancy	186,439	78,462	264,901	12,317	11,017	-	288,235	264,406
Professional Fees	138,497	49,139	187,636	8,649	58,799	-	255,084	220,267
Audit and Accounting	-	-	-	166,726	3,651	-	170,377	212,988
Travel	18,269	15,477	33,746	-	1,194	-	34,940	90,476
Office	32,570	3,952	36,522	8,082	6,400	-	51,004	56,514
Miscellaneous	-	-	-	650	-	-	650	40,076
Technical Support	18,251	6,905	25,156	1,130	1,592	-	27,878	29,764
Telephone	29,405	6,797	36,202	3,601	1,280	-	41,083	29,638
Printing and Postage	9,681	3,149	12,830	605	3,630	-	17,065	23,997
Insurance	16,778	6,840	23,618	1,067	1,558	-	26,243	22,851
Depreciation	18,116	3,451	21,567	-	-	-	21,567	21,389
Training and Conferences	1,975	46	2,021	762	637	-	3,420	19,351
Meals	-	77	77	21	3,005	-	3,103	14,288
Minor Equipment and Maintenance	5,112	2,481	7,593	210	204	-	8,007	9,875
Professional Development	-	-	-	-	-	-	-	1,272
In-Kind Donations	-	-	-	-	25,569	-	25,569	51,138
Special Events	-	-	-	-	-	18,600	18,600	-
Total Other Expenses	<u>475,093</u>	<u>176,776</u>	<u>651,869</u>	<u>203,820</u>	<u>118,536</u>	<u>18,600</u>	<u>992,825</u>	<u>1,108,290</u>
Total Functional Expenses	<u>2,569,217</u>	<u>759,421</u>	<u>3,328,638</u>	<u>375,887</u>	<u>254,897</u>	<u>18,600</u>	<u>3,978,022</u>	<u>3,672,902</u>
Cost of Direct Benefits to Donors	-	-	-	-	-	(18,600)	(18,600)	-
Expenses as Presented on the Statement of Activities	<u>\$ 2,569,217</u>	<u>\$ 759,421</u>	<u>\$ 3,328,638</u>	<u>\$ 375,887</u>	<u>\$ 254,897</u>	<u>\$ -</u>	<u>\$ 3,959,422</u>	<u>\$ 3,672,902</u>

The Accompanying Notes are an Integral Part of these Financial Statements. . . Page 5

VICTIM RIGHTS LAW CENTER, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>CLIENT</u> <u>SERVICES</u>	<u>NATIONAL</u> <u>TRAINING AND</u> <u>TECHNICAL</u> <u>ASSISTANCE</u>	<u>TOTAL</u> <u>PROGRAM</u> <u>SERVICES</u>	<u>ADMINI-</u> <u>STRATIVE</u>	<u>FUND</u> <u>RAISING</u>	<u>COST OF</u> <u>DIRECT BENEFIT</u> <u>TO DONORS</u>	<u>TOTAL</u> <u>FUNCTIONAL</u> <u>EXPENSES</u>
<i>Personnel and Related Expenses :</i>							
Salaries and Wages	\$ 1,273,751	\$ 491,463	\$ 1,765,214	\$ 39,773	\$ 121,348	\$ -	\$ 1,926,335
Employee Benefits	172,893	77,241	250,134	5,181	9,652	-	264,967
Payroll Taxes	105,298	40,703	146,001	3,709	10,099	-	159,809
Donated Client Legal Services	264,266	-	264,266	373	-	-	264,639
Total Personnel and Related Expenses	<u>1,816,208</u>	<u>609,407</u>	<u>2,425,615</u>	<u>49,036</u>	<u>141,099</u>	<u>-</u>	<u>2,615,750</u>
<i>Other Expenses :</i>							
Occupancy	178,179	69,911	248,090	5,130	11,186	-	264,406
Professional Fees	68,663	115,082	183,745	7,919	28,603	-	220,267
Audit and Accounting	166,499	33,930	200,429	3,506	9,053	-	212,988
Travel	41,793	37,925	79,718	8,668	2,090	-	90,476
Office	45,066	5,187	50,253	2,274	3,987	-	56,514
Miscellaneous	18,312	2,056	20,368	12,275	7,433	-	40,076
Technical Support	18,037	9,339	27,376	558	1,830	-	29,764
Telephone	19,573	7,958	27,531	485	1,622	-	29,638
Printing and Postage	14,069	3,068	17,137	2,843	4,017	-	23,997
Insurance	15,226	5,797	21,023	697	1,131	-	22,851
Depreciation	6,333	6,333	12,666	6,758	1,965	-	21,389
Training and Conferences	17,577	1,376	18,953	398	-	-	19,351
Meals	143	13,534	13,677	527	84	-	14,288
Minor Equipment and Maintenance	6,567	2,796	9,363	20	492	-	9,875
Professional Development	1,272	-	1,272	-	-	-	1,272
Total Other Expenses	<u>617,309</u>	<u>314,292</u>	<u>931,601</u>	<u>52,058</u>	<u>73,493</u>	<u>-</u>	<u>1,057,152</u>
Total Functional Expenses	<u>2,433,517</u>	<u>923,699</u>	<u>3,357,216</u>	<u>101,094</u>	<u>214,592</u>	<u>-</u>	<u>3,672,902</u>
Cost of Direct Benefits to Donors	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenses as Presented on the Statement of Activities	<u>\$ 2,433,517</u>	<u>\$ 923,699</u>	<u>\$ 3,357,216</u>	<u>\$ 101,094</u>	<u>\$ 214,592</u>	<u>\$ -</u>	<u>\$ 3,672,902</u>

VICTIM RIGHTS LAW CENTER, INC.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Change in Net Assets	\$ 173,391	\$ (308,363)
<i>Adjustments to Reconcile the Above to Net Cash Provided (Used) by Operating Activities:</i>		
Depreciation Expense	21,567	21,389
<i>(Increase) Decrease in Current Assets:</i>		
Grants Receivable	70,911	126,985
Prepaid Expenses	28,664	(84,184)
<i>Increase (Decrease) in Current Liabilities:</i>		
Accounts Payable and Accrued Expenses	22,389	(3,037)
Accrued Payroll and Related Costs	14,172	-
Conditional Grant Advance	183,728	-
Deferred Revenue	(206,424)	173,913
Deferred Rent	3,354	-
<i>(Increase) Decrease in Other Assets:</i>		
Deposits	-	(1,550)
<i>Increase (Decrease) in Non-Current Liabilities:</i>		
Deferred Rent	(3,354)	45,803
Net Adjustment	135,007	279,319
<u>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>	<u>308,398</u>	<u>(29,044)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Purchases of Property and Equipment	(24,992)	(21,861)
Net Cash Flows From Investing Activities	(24,992)	(21,861)
<u>CASH FLOWS FROM FINANCING ACTIVITIES:</u>		
Payments on Line-of-Credit	(100,000)	-
Net Cash Flows From Financing Activities	(100,000)	-
<u>NET INCREASE (DECREASE) IN CASH BALANCES</u>	<u>183,406</u>	<u>(50,905)</u>
<u>CASH BALANCES - BEGINNING OF YEAR</u>	<u>97,772</u>	<u>148,677</u>
<u>CASH BALANCES - END OF YEAR</u>	<u>\$ 281,178</u>	<u>\$ 97,772</u>
<i>Supplemental Disclosures:</i>		
Interest Paid	\$ -	\$ 2,067

VICTIM RIGHTS LAW CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020 AND 2019

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 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 pro 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 2020 and 2019, 1,042 and 980 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, medical professionals, advocates, military personnel, college administrators, rape crisis center counsels, and other community partners. In fiscal years 2020 and 2019, VRLC trained over 7,000 and 4,500 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.

VICTIM RIGHTS LAW CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020 AND 2019

(Continued)

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The summary of significant accounting policies of Victim Rights Law Center, Inc. is presented to assist the reader in understanding the Organization's financial statements. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue 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.

Basis of Accounting:

VRLC's policy is to maintain its books and prepare its financial statements on the accrual basis of accounting in accordance with generally accepted accounting principles. Consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when a liability has been incurred.

Financial Statement Presentation:

As required by the *FASB Accounting Standards Codification*TM, the Organizations report 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 follows:

Net Assets Without Donor Restrictions - consists of assets, public support and program revenues which are available and used for operations and programs. Net assets without donor restrictions represents the portion of net assets of the Organization that are not restricted by donor-imposed stipulations. Contributions are considered available for use unless specifically restricted by the donor. In addition, net assets within this classification may include funds which represent resources designated by the Board of Directors for specific purposes.

Net Assets With Donor Restrictions - includes funds with donor-imposed restrictions which permit the donee organization to expend the assets as specified and is satisfied either by the passage of time or by actions of the Organization. Resources of this nature originate from gifts, grants or bequests and may include investment income earned on restricted funds. These net assets may also include resources which have a donor-imposed restriction which stipulates that a portion of the assets are to be maintained in perpetuity, but permits the Organization to expend part or all of the income derived from the donated assets.

Gifts and Grants Receivable:

Grants Receivable represents amounts which are primarily due from federal and state, government agencies on funding agreements which are administered on a cost-reimbursement basis. These amounts are considered fully collectible; accordingly, these financial statements do not contain a provision for uncollectible amounts receivable from grant agreements. If amounts owed become uncollectible, a provision for uncollectible amounts will be established. VRLC reported no losses from bad debts on such agreements for the years presented.

VICTIM RIGHTS LAW CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020 AND 2019

(Continued)

NOTE 3 (Continued)

Gifts and Grants Receivable 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. These amounts are considered fully collectible; accordingly, these financial statements do not contain a provision for uncollectible receivables from grants. If amounts owed become uncollectible, an allowance for uncollectible grants, will be established when that determination is made. There were no promises to give that were deemed uncollectible for the years ended September 30, 2020 and 2019.

Property and Equipment:

Grants Receivable 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. These amounts are considered fully collectible; accordingly, these financial statements do not contain a provision for uncollectible receivables from grants. If amounts owed become uncollectible, an allowance for uncollectible grants, will be established when that determination is made. There were no promises to give that were deemed uncollectible for the years ended September 30, 2020 and 2019.

Deferred Rent:

During FY 2019, in connection with a new operating lease agreement further discussed in Note 10, 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 is reported in the accompanying Statements of Financial Position.

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 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. Grants administered by MOVA also require a non-federal match as a condition to funding. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received in advance of meeting the above conditions are reported as *Conditional Grant Advances*, a current liability within the Statement of Financial Position.

Gifts, Grants and Contributions:

As required by the FASB Accounting Standards Codification™, contributions are required to be recorded as receivables and revenues and the Organization is required to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions.

VICTIM RIGHTS LAW CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020 AND 2019

(Continued)

NOTE 3 (Continued)

The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Contributions of assets other than cash are reported at their estimated fair value. Conditional promises to give - that is, those with a measurable performance or other barrier and right of return - are not recognized until the conditions on which they depend have been met. When conditions are met, the corresponding support is reported as contributions with donor restrictions with the exception of conditional grants and contracts from governmental agencies, which are recognized as support without donor restrictions.

Unconditional multi-year commitments are recognized in the year during which the initial commitment was made. 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.

Except as noted above, support that is restricted by the donor is reported as an increase in net assets with donor restrictions until the restrictions expire, at which time the assets are reclassified to net assets without donor restrictions.

Special events revenue received in advance of the event is reported as deferred revenue.

Donated Goods and Services:

Volunteers, employees and other organizations contribute goods and services to VRLC in support of various aspects of its programs. As required by the *FASB Accounting Standards Codification*TM, the Organization maintains a policy whereby the value of the donated goods and services which require a specialized skill and/or which would have otherwise been purchased by the Organization are recognized as revenue on the Statement of Activities and are listed as expenses on the Statement of Functional Expenses. Donations of equipment and goods which meet the criteria of the Organization's capitalization policy are capitalized and depreciated pursuant to the policies previously described.

Functional Expenses:

As required by the *FASB Accounting Standards Codification*TM, 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, Fringe Benefits, Occupancy and Depreciation* 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. The cost of direct benefits to donors related to special fundraising events are presented separately in the Statement of Functional Expenses and are also presented net of event proceeds in the accompanying Statements of Activities.

VICTIM RIGHTS LAW CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020 AND 2019

(Continued)

NOTE 3 *(Continued)*

Recent Accounting Guidance:

Recently Implemented Standards

In June 2018, the FASB issued ASC Update No. 2018-08, (Topic 958) *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU provides a more robust framework for determining whether a transaction should be accounted for as a contribution or as an exchange transaction. The ASU also provides additional guidance to help determine whether a contribution is conditional or unconditional. This standard was adopted by the Organization effective October 1, 2019. This ASU provides organizations with the option of applying the clarified guidance in the initial year of implementation on a prospective basis; therefore, the Organization has not restated its fiscal year 2019 revenue balances or opening net assets for the years presented.

Recently Issued Standards

In May 2014, the FASB issued ASC Update No. 2014-09, (Topic 606) *Revenue from Contracts with Customers*. 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. In August 2015, the FASB deferred the effective date of ASC Update No. 2014-09 by one year when it issued ASC Update No. 2015-14, (Topic 606) *Revenue from Contracts with Customers*. In June 2020, the FASB issued an optional deferral of the effective date. This standard is effective for this Organization in financial statements issued for fiscal years beginning October 1, 2020.

NOTE 4 PROPERTY AND EQUIPMENT

The following is a summary of the Organization's property and equipment consisting of office furnishings and equipment as of September 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Cost	\$141,379	\$116,388
Accumulated Depreciation	<u>(97,210)</u>	<u>(75,644)</u>
Property and Equipment, Net	<u>\$ 44,169</u>	<u>\$ 40,744</u>

NOTE 5 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 plus 1.5% (4.75% and 5% as of September 30, 2020 and 2019, respectively). 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 2020. 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, 2020 and 2019, for which a waiver was granted.

VICTIM RIGHTS LAW CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020 AND 2019

(Continued)

NOTE 6 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consists of unexpended donor-designated grants and contributions. As of September 30, 2020 and 2019, the ending net assets with donor restrictions consisted of \$82,288 and \$54,259, respectively, restricted for programs.

Net assets were released by incurring expenses which satisfied the program restrictions. For the years ended September 30, 2020 and 2019, \$19,971 and \$16,812, respectively, were released from restriction.

NOTE 7 OPERATING LEASE

VRLC rents office space in six locations in Massachusetts and Oregon under 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 and as further discussed in Note 3. Deferred rent under this lease agreement is \$45,803 as of September 30, 2020. As defined in the lease agreements, VRLC provided its landlords with security deposits totaling \$31,233 as of September 30, 2020 and 2019, which is reflected as deposits in the accompanying Statements of Financial Position.

The total rent expense for fiscal years 2020 and 2019 was \$279,506 and \$248,011, respectively, and is included in *Occupancy* in the accompanying statements of functional expenses.

As of September 30, 2020, the future minimum lease obligation arising from these commitments is scheduled below:

<u>Fiscal Year Ending</u>	<u>Amount</u>
September 30, 2021	\$222,492
September 30, 2022	172,731
September 30, 2023	176,085
September 30, 2024	<u>88,881</u>
Total	<u>\$660,189</u>

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 six 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.

VICTIM RIGHTS LAW CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020 AND 2019

(Continued)

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 \$599,971. This grant supports VRLC's National Sexual Assault Justice Education Project (SAJE).

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.

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. 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. This grant supports VRLC's Campus Gender-Based Violence Conduct Project.

The sixth award was funded under the federal *OVW Technical Assistance Initiative* and has a three-year term expiring September 30, 2020 with total funding of \$500,000. This grant supports VRLC's Campus and Minors Privacy Project (CAMPP).

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").

The first award was executed through MOVA with a two-year term and a maximum obligation of \$1,451,685 for the years ended September 30, 2020 and 2019. The grant requires a non-federal match of at least 25%, which is primarily met with pro bono legal services. The grant provided funding totaling \$887,826 and \$580,569, for the years ended September 30, 2020 and 2019, respectively.

The second award was executed through CVSSD with a maximum multi-year budget of \$577,224 for the project period ended September 30, 2022. The grant requires a 25% non-federal match and provided funding totaling \$205,874 and \$261,014 for the years ended September 30, 2020 and 2019, respectively.

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 \$543,105 and \$523,019, for the years ended September 30, 2020 and 2019, respectively.

Total revenue received through DOJ funded programs was \$2,616,686 and \$2,881,827 for the years ended September 30, 2020 and 2019, respectively. As of September 30, 2020, the Organization had \$2,114,600 remaining in conditional grant balances from DOJ funded programs.

VICTIM RIGHTS LAW CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020 AND 2019

(Continued)

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, 2020 and 2019:

<u>Description</u>	<u>2020</u>	<u>2019</u>
Pro Bono Legal Services	\$434,491	\$264,639
Other Goods and Services	<u>25,569</u>	<u>-</u>
Total	<u>\$460,060</u>	<u>\$264,639</u>

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 \$32,343 and \$29,271 to the Plan during fiscal years 2020 and 2019, 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, 2020, VRLC had \$42,620, in excess of FDIC limits. However, the Organization has not experienced any losses on such accounts and management considers credit risk on cash to be low.

Grant Revenue and Grants Receivable:

Approximately 44% and 41% of total support and revenues and 91% and 79% of grants receivable are related to VOCA funded grants passed through various state agencies as of and for the years ended September 30, 2020 and 2019, respectively.

Approximately 26% and 43% of total support and revenues are related to direct awards from the U.S. Department of Justice for the years ended September 30, 2020 and 2019, respectively.

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, 2020 and 2019, or on its change in net assets for the years then ended.

VICTIM RIGHTS LAW CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020 AND 2019

(Continued)

NOTE 12 CONTINGENCIES

Payroll Protection Program:

The Organization received a loan in the amount of \$439,822 from Eastern Bank through the Paycheck Protection Program established by the U.S. CARES Act (the “PPP Loan”) on April 11, 2020. The Organization has elected to account for the expected forgivable portion of this loan as a conditional grant commitment as permitted by the AICPA. The Organization intends to apply for and receive full forgiveness of the loan, while any remaining balance would be repayable over a five-year term and subject to interest at the annual rate of 1%. The amount forgiven equals the amount incurred on qualifying costs (payroll, mortgage interest, rent utilities, as defined and subject to limitations) during the covered period. The amount forgiven is reduced if a) the Organization decreases its staffing levels during the covered period, or b) reduces salaries/wages during the covered period; however, those reductions are subject to certain exemptions. The Organization expects to meet the requirements for loan forgiveness. The Organization must prepare and submit a loan forgiveness application to the lender, which is then reviewed by both the bank and the Small Business Administration (SBA) and then approved. The Organization elects to use a 24-week covered period which will expire in October 2020. As of September 30, 2020, the Organization has incurred \$417,889 of qualifying costs which has been recognized as grant income for the fiscal year then ended. The remaining funds received in advance totaling \$21,933 are reported on the accompanying Statements of Financial Position within *Conditional Grant Advances*, a current liability, as of September 30, 2020.

Impact of COVID-19:

In early 2020, an outbreak of a novel strain of coronavirus (COVID-19) emerged globally. As a result, events have occurred including mandates from federal, state and local authorities leading to an overall decline in economic activity which could result in a loss of grants, contributions, revenue and other material adverse effects to the Organization’s financial position, change in net assets and cash flows. The Organization is not able to estimate the length of severity of this outbreak and the related financial impact. Management plans to adjust its operations accordingly and will continue to assess and monitor the situation as it evolves. If the length of the outbreak and related effected on the Organization’s operations continue for an extended period of time, the Organization may have to seek alternative measures to finance its operations. Subsequent to year end, the Organization postponed their in-person gala and has been holding smaller virtual events and campaigns in its place.

NOTE 13 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following table reflects the Organization’s financial assets as of September 30, 2020 and 2019 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 Statement 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.

	<u>2020</u>	<u>2019</u>
Financial Assets:		
Cash	\$281,178	\$ 97,772
Grants Receivable	<u>390,963</u>	<u>461,874</u>
Total Financial Assets Available to Meet General Expenditures Within One Year	<u>\$672,141</u>	<u>\$559,646</u>

VICTIM RIGHTS LAW CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020 AND 2019

(Continued)

NOTE 13 *(Continued)*

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).

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 14 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 April 23, 2021, the date which the financial statements were available for issue and, other than the line-of-credit extension disclosed in Note 5 and the impact of COVID-19 disclosure in Note 12, noted no events which met the criteria.