

**THE WOMEN'S LAW CENTER
OF MARYLAND, INC.**

AUDITED FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION

For the years ended June 30, 2017 and 2016

THE WOMEN'S LAW CENTER OF MARYLAND, INC.

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
The Women's Law Center of Maryland, Inc.
Towson, Maryland

We have audited the accompanying financial statements of The Women's Law Center of Maryland, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 auditors' 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 The Women's Law Center of Maryland, Inc. as of June 30, 2017 and 2016, 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.

UHY LLP

Columbia, Maryland
January 9, 2018

THE WOMEN'S LAW CENTER OF MARYLAND, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 477,277	\$ 614,763
Grants receivable	317,687	286,715
Prepaid expenses	8,084	8,503
	<u>803,048</u>	<u>909,981</u>
Total current assets	803,048	909,981
INVESTMENTS	233,099	130,696
PROPERTY AND EQUIPMENT, net	10,760	12,849
WEBSITE DEVELOPMENT, net	-	489
SECURITY DEPOSIT	1,157	1,157
	<u>\$ 1,048,064</u>	<u>\$ 1,055,172</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued payroll	\$ 28,540	\$ 50,064
Refundable advances	110,561	175,657
	<u>139,101</u>	<u>225,721</u>
Total current liabilities	139,101	225,721
NET ASSETS		
Unrestricted:		
Undesignated	714,427	630,621
Board designated	27,557	27,730
	<u>741,984</u>	<u>658,351</u>
Total unrestricted net assets	741,984	658,351
Temporarily restricted	166,979	171,100
	<u>908,963</u>	<u>829,451</u>
Total net assets	908,963	829,451
	<u>\$ 1,048,064</u>	<u>\$ 1,055,172</u>

See notes to financial statements.

THE WOMEN'S LAW CENTER OF MARYLAND, INC.
STATEMENTS OF ACTIVITIES
For the years ended June 30, 2017 and 2016

	2017		
	Unrestricted	Temporarily Restricted	Total
Support and Revenue			
Government grants	\$ 416,866	\$ 361,695	\$ 778,561
Other grants	23,282	-	23,282
Contributions	181,092	-	181,092
Annual meeting	51,265	-	51,265
Donated food, services, and facilities	80,934	-	80,934
Dues	18,572	-	18,572
Contract income	5,500	-	5,500
Interest income	2,782	-	2,782
Gains (losses) on investments	(2,597)	-	(2,597)
Other income	8,535	-	8,535
Net assets released from restrictions	365,816	(365,816)	-
Total support and revenue	1,152,047	(4,121)	1,147,926
Expenses			
Program services	854,324	-	854,324
Management and general	128,231	-	128,231
Fundraising	85,859	-	85,859
Total expenses	1,068,414	-	1,068,414
Change in Net Assets	83,633	(4,121)	79,512
Net Assets, Beginning	658,351	171,100	829,451
Net Assets, Ending	\$ 741,984	\$ 166,979	\$ 908,963

2016

Unrestricted	Temporarily Restricted	Total
\$ 400,600	\$ 288,033	\$ 688,633
37,700	-	37,700
176,987	-	176,987
50,660	-	50,660
92,184	-	92,184
12,130	-	12,130
5,500	-	5,500
2,434	-	2,434
696	-	696
5,212	-	5,212
288,422	(288,422)	-
1,072,525	(389)	1,072,136
959,151	-	959,151
97,916	-	97,916
91,472	-	91,472
1,148,539	-	1,148,539
(76,014)	(389)	(76,403)
734,365	171,489	905,854
\$ 658,351	\$ 171,100	\$ 829,451

THE WOMEN'S LAW CENTER OF MARYLAND, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
For the years ended June 30, 2017 and 2016

	2017			
	Program Services	Management and General	Fundraising	Total
Salaries and payroll taxes	\$ 501,446	\$ 79,853	\$ 33,592	\$ 614,891
Employee benefits	33,723	5,445	3,187	42,355
Payroll service fees	-	2,941	-	2,941
Contractual labor	209,131	-	-	209,131
Office supplies, telephone and postage	23,246	3,987	2,184	29,417
Rent	45,664	14,708	3,811	64,183
Insurance	6,465	1,497	220	8,182
Professional fees	14,425	9,804	1,487	25,716
Copying and printing	2,141	227	2,463	4,831
Travel and lodging	6,424	199	49	6,672
Annual meeting food service	-	-	17,426	17,426
Dues and subscriptions	3,404	6,470	3,123	12,997
Depreciation	2,304	1,602	283	4,189
Bank fees	-	-	3,168	3,168
Miscellaneous	5,951	1,498	14,866	22,315
	<u>\$ 854,324</u>	<u>\$ 128,231</u>	<u>\$ 85,859</u>	<u>\$ 1,068,414</u>

2016

Program Services	Management and General	Fundraising	Total
\$ 545,916	\$ 65,782	\$ 47,821	\$ 659,519
49,120	5,990	4,792	59,902
-	3,046	-	3,046
240,511	-	-	240,511
25,192	4,198	3,095	32,485
55,411	6,313	2,986	64,710
6,707	2,129	277	9,113
13,641	1,553	1,159	16,353
1,247	234	1,673	3,154
7,964	266	314	8,544
-	-	14,544	14,544
3,975	6,731	3,670	14,376
2,970	362	290	3,622
-	-	3,052	3,052
6,497	1,312	7,799	15,608
\$ 959,151	\$ 97,916	\$ 91,472	\$ 1,148,539

THE WOMEN'S LAW CENTER OF MARYLAND, INC.
STATEMENTS OF CASH FLOWS
For the years ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 79,512	\$ (76,403)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation and amortization	4,188	3,622
Changes in:		
Grants receivable	(30,972)	1,879
Prepaid expenses	419	1,378
Unrealized (gain) loss	2,597	(696)
Accounts payable and accrued payroll	(21,524)	9,022
Refundable advance	(65,096)	33
	<u>(30,876)</u>	<u>(61,165)</u>
Net cash used by operating activities		
Cash Flows from Investing Activities		
Purchase of equipment	(1,610)	(8,258)
Purchase of investments	(105,000)	(130,000)
	<u>(106,610)</u>	<u>(138,258)</u>
Net cash used by investing activities		
Net Decrease in Cash and Cash Equivalents	(137,486)	(199,423)
Cash and Cash Equivalents, Beginning	614,763	814,186
Cash and Cash Equivalents, Ending	<u>\$ 477,277</u>	<u>\$ 614,763</u>

See notes to financial statements.

THE WOMEN'S LAW CENTER OF MARYLAND, INC.
NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2017 and 2016

NOTE 1 - PURPOSE OF ORGANIZATION

The Women's Law Center of Maryland, Inc., (the Center) is a nonprofit corporation, organized on December 10, 1973 under the laws of the State of Maryland for the purpose of ensuring the safety, economic security, and autonomy of women in Maryland through direct legal services, education, and advocacy.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared using the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

Under accounting principles generally accepted in the United States of America, the Center is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Restricted and Unrestricted Support and Revenue

Under accounting principles generally accepted in the United States of America, contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or the nature of any donor restrictions.

Support and investment earnings that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. There were no permanently restricted net assets at June 30, 2017 and 2016.

The State of Maryland enacted Uniform Prudent Management Institutional Funds Act (UPMIFA) on April 14, 2009, the provisions of which apply to endowment funds existing on or established after the date of enactment. The Center follows FASB Accounting Standards Codification (ASC) 958 relating to endowments. Management has determined that the Center's board-designated net assets meet the definition of endowment funds under UPMIFA and FASB ASC 958.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and investment instruments with original maturities of three months or less.

THE WOMEN'S LAW CENTER OF MARYLAND, INC.
NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2017 and 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

Investments consist of certificates of deposit with original maturities in excess of 365 days. Investments are exposed to various risks such as interest rates, market and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect account balances and the amounts reported in the accompanying financial statements.

Investments are carried at their fair value as of the date of the statements of financial position, which may differ from the amount ultimately realized at the time of sale. Realized and unrealized gains and losses are reflected in the statements of activities. The cost of investments sold is determined by the specific identification method.

Fair Value Measurements

The Center follows FASB ASC 820, *Fair Value Measurements and Disclosures*, which provides a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to the unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

- *Level 1:* Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that are accessible at the measurement date (e. g., equity securities traded on the New York Stock Exchange).
- *Level 2:* Level 2 inputs are from other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly or indirectly (e. g., quoted market prices of similar assets or liabilities in active markets, or quoted market prices for identical or similar assets or liabilities in markets that are not active).
- *Level 3:* Level 3 inputs are unobservable (e. g., a company's own data) and should be used to measure fair value to the extent that observable inputs are not available.

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used should maximize the use of the observable inputs and minimize the use of the unobservable inputs.

Grants Receivable

Grants receivable are valued at management's estimate of the amount that will be ultimately collected. Management considers grants receivable to be fully collectible; accordingly, no allowance for doubtful grants has been provided. If amounts become uncollectible, they are charged to operations in the period in which that determination is made.

THE WOMEN'S LAW CENTER OF MARYLAND, INC.
NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2017 and 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Services, Facilities, and Food

In accordance with accounting principles generally accepted in the United States of America, contributions of donated services that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. A substantial number of unpaid volunteers have donated their time to operate the Center's Family Law Hotline and Employment Law Hotline. For the years ending June 30, 2017 and 2016, \$47,750 and \$66,625, respectively, have been recognized in the statements of activities. In addition, the Center receives donated office space for legal projects, as well as donated food and publicity for fundraising. The Center has reported the value of those donations as revenue and expense of \$33,184 and \$25,559 in the statements of activities for the years ended June 30, 2017 and 2016, respectively.

Refundable Advances

Refundable advances represent grant funds received prior to expenditure, which must be returned to the grantor if the necessary expenses are not incurred.

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes

The Center is exempt from federal and state income taxes (except taxes on unrelated business income, if any) under Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as *other than a private foundation*. No provision for income taxes is required as of June 30, 2017 and 2016, since the Center had no taxable income from unrelated business activities.

The income tax positions taken by the Center for any years open under the various statutes of limitations are that the Center continues to be exempt from income taxes and that they have properly reported unrelated business income that is subject to income taxes. The Center believes that there are no tax positions taken or expected to be taken that would significantly increase unrecognized tax liabilities within 12 months of the reporting date. None of the Center's federal or state income tax returns are currently under examination.

THE WOMEN'S LAW CENTER OF MARYLAND, INC.
NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2017 and 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

NOTE 3 - INVESTMENTS AND FAIR VALUE MEASUREMENT

The following presents the Center's major categories of assets measured at fair value on a recurring basis during the years ended June 30, 2017 and 2016, using quoted prices in active markets for identical assets (Level 1); quoted prices in markets that are not active or for significant other observable inputs (Level 2); and significant unobservable inputs (Level 3):

	<u>Total</u>	<u>Inputs (Level 1)</u>	<u>Inputs (Level 2)</u>	<u>Inputs (Level 3)</u>
<u>June 30, 2017</u>				
Certificates of Deposit	\$ 233,099	\$ -	\$ 233,099	\$ -
	<u>Total</u>	<u>Inputs (Level 1)</u>	<u>Inputs (Level 2)</u>	<u>Inputs (Level 3)</u>
<u>June 30, 2016</u>				
Certificates of Deposit	\$ 130,696	\$ -	\$ 130,696	\$ -

Certificates of deposit are measured at fair value on a recurring basis using quoted market prices for those or similar instruments. There have been no changes to the valuation methodologies used at June 30, 2017 and 2016.

NOTE 4 - PROPERTY AND EQUIPMENT, WEBSITE DEVELOPMENT COSTS

Property and Equipment

The Center follows the practice of capitalizing, at cost, all expenditures for property and equipment in excess of \$500. The assets are depreciated using the straight-line method over the estimated useful lives.

THE WOMEN'S LAW CENTER OF MARYLAND, INC.
NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2017 and 2016

NOTE 4 - PROPERTY AND EQUIPMENT, WEBSITE DEVELOPMENT COSTS (Continued)

Property and equipment at June 30 consisted of the following:

	<u>2017</u>	<u>2016</u>
Equipment	\$ 31,894	\$ 30,030
Furniture and fixtures	<u>13,612</u>	<u>13,612</u>
	45,506	43,642
Less accumulated depreciation	<u>34,746</u>	<u>39,051</u>
	10,760	4,591
Assets not placed into service	<u>-</u>	<u>8,258</u>
Property and equipment, net	<u>\$ 10,760</u>	<u>\$ 12,849</u>

Website Development Costs

Website development costs are being amortized over three years on a straight-line basis. Website development costs at June 30 consisted of the following:

	<u>2017</u>	<u>2016</u>
Website development	\$ 4,398	\$ 4,398
Less accumulated amortization	<u>4,398</u>	<u>3,909</u>
Website development, net	<u>\$ -</u>	<u>\$ 489</u>

Depreciation expense for property and equipment and amortization expense for website development for the years ended June 30, 2017 and 2016 was \$4,188 and \$3,622, respectively.

NOTE 5 - OPERATING LEASE

The Center has an office lease which expires on July 31, 2019. The lease agreement calls for monthly rental payments with periodic increases.

Future minimum lease payments follow:

Year ending June 30:	
2018	35,344
2019	36,404
2020	<u>3,041</u>
	<u>\$ 74,789</u>

Rental expense for the years ended June 30, 2017 and 2016 was \$64,184 and \$64,710, respectively, which includes \$20,320 in donated office space for both years ended June 30, 2017 and 2016.

THE WOMEN'S LAW CENTER OF MARYLAND, INC.
NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2017 and 2016

NOTE 6 - DESIGNATION AND RESTRICTIONS ON NET ASSETS

Funds Designated by Board

The Endowment Fund was established to generate revenue to support the mission of the organization and specific programs as determined by the Board. The fund meets the definition of an endowment fund under accounting principles generally accepted in the United States of America. Funds designated by the Board and the related earnings are to be held and invested until appropriated by the Board. The balance at June 30, 2017 and 2016 was \$27,557 and \$27,730, respectively. The fund is comprised of cash and related investment earnings.

Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes or periods:

	<u>2017</u>	<u>2016</u>
Restricted for time	\$ 166,979	\$ 166,979
Restricted for purpose - Technology	<u>-</u>	<u>4,121</u>
Total temporarily restricted net assets	<u>\$ 166,979</u>	<u>\$ 171,100</u>

NOTE 7- UNITED JEWISH ENDOWMENT FUND

In 1999, the Center was named the beneficiary of a \$1,000,000 fund placed with the United Jewish Endowment Fund. The purpose of the donation was to fund the family law services provided by the Center. The Center receives monthly statements from the United Jewish Endowment containing the account balance and transaction summary, but the Center has no control or input over the investment of the funds paid into the Fund. All principal and income of the Fund will be distributed only to the Center at the discretion of the donor, who has variance power. In accordance with financial accounting standards, the Center does not recognize its potential for future distributions from the assets held by the Fund.

Distributions are recognized as revenue when received by the Center. Contributions from this fund were \$70,000 for each of the years ended June 30, 2017 and 2016 and are included in contributions revenue on the statements of activities.

NOTE 8 - CONCENTRATION OF CREDIT RISK

The Center maintains its operating cash balances with major financial institutions. At times, these balances may exceed federal insurance limits; however, the Center has not experienced any losses with respect to the balances in excess of government provided insurance. Management believes that no significant concentration of credit risk exists with respect to these cash balances as of June 30, 2017 and 2016.

THE WOMEN'S LAW CENTER OF MARYLAND, INC.
NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2017 and 2016

NOTE 9 - OTHER CONCENTRATIONS

The Center receives a substantial portion of its revenue from state and local governments. Grants from two government agencies approximated 68% and 77% of total grant revenue for the years ended June 30, 2017 and 2016, respectively. The Center receives grants which renew annually subject to the approval of the grantor.

NOTE 10 - PENSION PLAN

The Center offers a Simple IRA pension plan to all eligible employees. Employees who choose to participate may make contributions through pre-tax payroll withholdings. The Center determines annually the amount of matching contributions to be made. For the years ended June 30, 2017 and 2016 matching contributions were \$9,068 and \$9,821, respectively.

NOTE 11 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through January 9, 2018, which is the date the financial statements are available to be issued.

**INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY INFORMATION**

Board of Directors
The Women's Law Center of Maryland, Inc.
Towson, Maryland

We have audited the financial statements of The Women's Law Center of Maryland, Inc. as of and for the years ended June 30, 2017 and 2016, and our report thereon dated January 9, 2018, which contained an unmodified opinion on those financial statements, appears on page 1. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole.

The Schedules of Grant Revenue and Expenses Relating to Maryland Legal Services Corporation Grant on page 16 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

UHY LLP

Columbia, Maryland
January 9, 2018

THE WOMEN'S LAW CENTER OF MARYLAND, INC.
SCHEDULES OF GRANT REVENUE AND EXPENSES RELATING TO
MARYLAND LEGAL SERVICES CORPORATION GRANT
For the years ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Grant Revenue	\$ 183,853	\$ 270,289
Expenses		
Contract labor	106,066	103,862
Dues and subscriptions	281	623
Equipment rental	2,536	2,752
Insurance	2,500	2,503
Litigation	-	22
Office supplies	940	747
Postage and delivery	1,000	404
Printing and reproduction	1,036	195
Professional fees	2,000	2,000
Rent	6,600	6,600
Salary	84,049	85,144
Taxes - payroll	4,787	4,929
Telephone	12,414	12,226
Travel	892	924
	<u>225,100</u>	<u>222,931</u>
Total expenses		
	<u>225,100</u>	<u>222,931</u>
Net	\$ (41,247)	\$ 47,358