

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

AUDITED FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION

For the years ended June 30, 2021 and 2020



THE WOMEN'S LAW CENTER OF MARYLAND, INC.

TABLE OF CONTENTS

	Page
Independent Auditor's Report	1-2
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7-17
Independent Auditor's Report on Supplementary Information	18
Supplementary Information	
Schedules of Grant Awards and Expenses Relating to Maryland Legal Services Corporation Grant	19

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, 2021 and 2020, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Women's Law Center of Maryland, Inc. as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 5 to the financial statements, the Women's Law Center of Maryland, Inc. expects to receive forgiveness of its loan from the Small Business Administration (SBA) under the Paycheck Protection Program (PPP). Management believes that all required conditions for loan forgiveness are satisfied; however, the Women's Law Center of Maryland, Inc. cannot predict the outcome of the SBA's decision on loan forgiveness and whether there will be a material effect on the financial statements as a result of the SBA's final decision. Nevertheless, it is possible that such an effect will occur, although the amount cannot be estimated. The SBA's decision on a loan forgiveness is expected within the next year. Our opinion is not modified with respect to that matter.

UHY LLP

Columbia, Maryland
March 15, 2022

THE WOMEN'S LAW CENTER OF MARYLAND, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 903,752	\$ 561,329
Grants receivable	378,278	376,489
Prepaid expenses	8,204	9,971
	<u>1,290,234</u>	<u>947,789</u>
Total current assets		
INVESTMENTS	1,801	127,092
PROPERTY AND EQUIPMENT, net	10,592	14,310
SECURITY DEPOSIT	1,157	1,157
	<u>1,157</u>	<u>1,157</u>
TOTAL ASSETS	<u>\$ 1,303,784</u>	<u>\$ 1,090,348</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued payroll	\$ 26,912	\$ 41,462
PAYCHECK PROTECTION PROGRAM LOAN	96,915	88,168
	<u>96,915</u>	<u>88,168</u>
Total liabilities	<u>123,827</u>	<u>129,630</u>
NET ASSETS		
Without donor restrictions:		
Available for operations	930,139	742,494
Board designated	26,933	27,105
Total without donor restrictions	<u>957,072</u>	<u>769,599</u>
With donor restrictions	222,885	191,119
	<u>222,885</u>	<u>191,119</u>
Total net assets	<u>1,179,957</u>	<u>960,718</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,303,784</u>	<u>\$ 1,090,348</u>

See notes to financial statements.

THE WOMEN'S LAW CENTER OF MARYLAND, INC.
STATEMENTS OF ACTIVITIES

For the years ended June 30, 2021 and 2020

	2021		2020	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions
Support and Revenue		Total		Total
Government grants	\$ 709,831	\$ 928,565	\$ 769,080	\$ 972,050
Other grants	46,158	46,158	20,000	20,000
Contributions	143,207	143,207	99,294	99,294
Annual meeting	33,845	33,845	61,912	61,912
Donated food, services, and facilities	70,028	70,028	71,983	71,983
Dues	20,403	20,403	20,409	20,409
Contract income	7,260	7,260	6,600	6,600
Paycheck protection program loan forgiveness	162,310	162,310	94,207	94,207
Other income	8,928	8,928	6,079	6,079
Net investment return	519	519	3,326	3,326
Losses on disposal of assets	-	-	(136)	(136)
Net assets released from restrictions	186,968	(186,968)	204,451	(204,451)
Total support and revenue	1,389,457	1,421,223	1,357,205	1,355,724
Expenses				
Program services	981,421	981,421	1,047,675	1,047,675
Management and general	147,543	147,543	162,156	162,156
Fundraising	73,020	73,020	93,837	93,837
Total expenses	1,201,984	1,201,984	1,303,668	1,303,668
Change in Net Assets	187,473	219,239	53,537	(1,481)
Net Assets, Beginning	769,599	960,718	716,062	192,600
Net Assets, Ending	\$ 957,072	\$ 1,179,957	\$ 769,599	\$ 191,119

See notes to financial statements.

THE WOMEN'S LAW CENTER OF MARYLAND, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
For the years ended June 30, 2021 and 2020

	2021			2020				
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Personnel costs:								
Salaries	\$ 667,929	\$ 62,760	\$ 43,776	\$ 774,465	\$ 713,241	\$ 72,544	\$ 48,796	\$ 834,581
Employee benefits	28,299	19,552	3,602	51,453	37,200	25,702	4,735	67,637
Payroll tax expense	33,506	23,150	4,264	60,920	33,738	23,310	4,294	61,342
Total personnel costs	729,734	105,462	51,642	886,838	784,179	121,556	57,825	963,560
Advertising	-	-	298	298	-	-	-	-
Annual meeting food service	-	-	1,898	1,898	-	-	13,214	13,214
Bank fees	-	-	3,372	3,372	-	-	3,897	3,897
Contractual labor	136,555	-	-	136,555	142,892	-	-	142,892
Copying and printing	943	5	2,537	3,485	4,160	668	2,924	7,752
Depreciation	2,710	1,871	345	4,926	2,374	1,641	302	4,317
Dues and subscriptions	11,473	8,657	3,987	24,117	8,789	4,465	4,125	17,379
Insurance	7,263	3,597	268	11,128	7,520	3,785	370	11,675
Miscellaneous	3,129	2,621	3,064	8,814	5,430	1,631	4,489	11,550
Office supplies, telephone, and postage	25,908	6,078	2,299	34,285	23,449	5,920	2,916	32,285
Payroll service fees	2,103	1,453	268	3,824	1,982	1,369	252	3,603
Professional fees	18,338	5,506	945	24,789	16,755	7,345	903	25,003
Rent	40,786	12,293	2,097	55,176	43,423	13,710	2,532	59,665
Travel and lodging	2,479	-	-	2,479	6,722	66	88	6,876
Total expenses	\$ 981,421	\$ 147,543	\$ 73,020	\$ 1,201,984	\$ 1,047,675	\$ 162,156	\$ 93,837	\$ 1,303,668

See notes to financial statements.

THE WOMEN'S LAW CENTER OF MARYLAND, INC.
STATEMENTS OF CASH FLOWS
For the years ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 219,239	\$ 52,056
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	4,926	4,317
Unrealized losses on investments	166	56
Losses on disposal of assets	-	136
Paycheck protection program loan forgiveness	(162,310)	(94,207)
Changes in:		
Grants receivable	(1,789)	70,465
Prepaid expenses	1,767	2,133
Accounts payable and accrued payroll	(14,550)	(202)
	<u>47,449</u>	<u>34,754</u>
Cash Flows from Investing Activities		
Proceeds from sales of investments	125,125	275,480
Purchases of investments	-	(125,000)
Purchases of equipment	(1,208)	(4,339)
	<u>123,917</u>	<u>146,141</u>
Cash Flows from Financing Activities		
Proceeds from paycheck protection program loan	171,057	182,375
Net Increase (Decrease) in Cash and Cash Equivalents	342,423	363,270
Cash and Cash Equivalents, Beginning	<u>561,329</u>	<u>198,059</u>
Cash and Cash Equivalents, Ending	<u>\$ 903,752</u>	<u>\$ 561,329</u>

THE WOMEN'S LAW CENTER OF MARYLAND, INC.
NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2021 and 2020

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.

The Center currently runs the projects described below:

Family Law Hotline (statewide)

The Center's Hotline is a free service to people with basic family law questions such as "What are the grounds for divorce?" Or "If I leave with the kids, can I still get child support?" The volunteer attorneys screen the clients for income eligibility and collect basic data required by the funding source, Maryland Legal Services Corporation. Attorneys experienced in family law staff the hotline.

Protection Order Advocacy and Representation Projects (POARP)

POARP represents victims of domestic violence at protection order hearings in the Baltimore City, Baltimore County and Carroll Circuit Courts. The Project's attorneys represent people who have been abused by an intimate partner (current or past boyfriend / girlfriend, current or ex-spouse) in proceedings to obtain protection orders, enforce protection orders through contempt, and modify existing protection orders.

Multi-ethnic Domestic Violence Project (MEDOVI)

The Center provides advocacy and education to survivors of domestic violence in immigrant communities through MEDOVI. This project provides representation to foreign born victims of domestic violence in VAWA Self-Petitions, VAWA battered spouse waivers, Interim U-Visa applications, as well as in Final Protection Order hearings around the State of Maryland. The MEDOVI staff work with foreign born clients who have been abused by an intimate partner. Any person with a language barrier can access the service because of the Center's commitment to secure an appropriate language interpreter.

Collateral Legal Assistance for Survivors Project (CLAS)

The CLAS project provides all of the above services of POARP as well as representing victims of domestic violence, in collateral, primarily family-law related issues, as time and resources allow. These collateral issues include advocacy (sometimes out of court) and representation in divorce and custody proceedings, landlord/tenant matters, replevin cases, and criminal accompaniments. Representation includes the full array of legal services, including discovery, depositions, retention of experts, when necessary, settlement negotiations, and litigation. By retaining the attorney-client relationship after the protective order hearing for collateral issues, CLAS is able to provide client-centered and culturally sensitive services and to prevent the re-traumatization of clients who would otherwise be forced to relive and retell their stories to new attorneys, or more often, cannot find representation at all for these on-going issues.

THE WOMEN'S LAW CENTER OF MARYLAND, INC.
NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2021 and 2020

NOTE 1 - PURPOSE OF ORGANIZATION (Continued)

JUDICARE

The Judicare Project provides professional legal representation in contested child custody and family law cases to low-income litigants in Baltimore County. The Center screens potential clients for eligibility. Clients accepted into the program are provided an attorney for their case.

Employment Law Hotline

The Employment Law Hotline is a telephone service which will provide you with legal information about your rights in the workplace. The Hotline will answer questions about many kinds of workplace problems including discrimination in hiring, firing, promotions or other working conditions; discrimination based on pregnancy; sexual harassment; family or medical leave issues; unpaid wages; contract issues; minimum wage and overtime violations; eligibility for unemployment insurance; or, being punished by the employer for having acted together with other employees to improve working conditions.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United State of America (GAAP). Consequently, revenue is recognized when earned and expense is recognized when the obligation is incurred.

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. In particular, the novel coronavirus ("COVID-19") pandemic and the resulting adverse impacts to global economic conditions, as well as the Center's operations, may affect future estimates including, but not limited to, fair value measurements, downward adjustments to investments in equity securities, asset impairment charges and cancellation reserves.

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, 2021 and 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Grants Receivable

Grants receivable consist of unconditional promises to give and are recorded at the earlier of the date received or the date of receipt of a donor's non-contingent promise or pledge. Unconditional promises to give that are expected to be collected in one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The Center considers all grants receivable as of June 30, 2021 and 2020 to be fully collectible; therefore, no provision has been made for an allowance for uncollectible grants receivable.

Investments

Investments are included in these statements at their fair value on the date of the statements of financial position, which may differ from the amount ultimately realized at the time of sale. The difference may be material. Net investment return/(loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Fair Value Measurements

FASB ASC 820, *Fair Value Measurements and Disclosures*, established 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*: Unadjusted quoted prices 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*: Inputs 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*: Unobservable inputs (e.g., a company's own data) and are 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. All assets have been valued using a market approach.

THE WOMEN'S LAW CENTER OF MARYLAND, INC.
NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2021 and 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Following is a description of the valuation methodologies used for assets measured at fair value:

Certificates of Deposit: Valued at the closing price in markets for identical or similar assets or liabilities in markets that are not active (Level 2).

Mutual Funds: Valued at the closing price reported in the active market on which the individual securities are traded (Level 1).

There have been no changes to the valuation methodologies used at June 30, 2021 and 2020.

Property and Equipment

Property and equipment are recorded at cost, and consist of office equipment, website development costs, and furniture and fixtures. The Center capitalizes all property and equipment with a useful life greater than one year and with a cost basis of \$500 or more. Depreciation office equipment and furniture and fixtures is computed over an estimated useful life of five years on a straight-line basis. Website development costs are amortized over an estimated three-year useful life. When property and equipment are retired or otherwise disposed of, the cost and related accumulated depreciation or amortization are removed from the accounts with any resulting gain or loss reflected in income. Repairs and maintenance are expensed when incurred.

Net Assets

Net assets, revenue, gains, and losses are classified based on the existence or absence of contributions with donor-imposed restrictions. Accordingly, net assets of the Center and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets available for use in general operations or at the discretion of the Board of Directors (the Board) and not subject to donor (or certain grantor) restrictions. From time to time, the Board may designate a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion.

Net assets with donor restrictions - Net assets with donor restrictions consist of assets whose use is limited by donor-imposed time and/or purpose restrictions. The Center reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated asset. Donor restricted gifts which are spent in the same year as received are reported as revenue without donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restriction and reported in the statements of activities as net assets released from restrictions. Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting an organization to expend the income generated by the assets in accordance with the provisions of additional donor-imposed stipulations or a Board approved spending policy. See Note 6 for more information on the composition of net assets with donor restrictions.

THE WOMEN'S LAW CENTER OF MARYLAND, INC.
NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2021 and 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Revenue Recognition

The Center recognizes various revenue streams under contracts with customers. For each revenue stream identified below, revenue recognition is subject to the completion of performance obligations. For each contract with a customer, the Center determined whether the performance obligations in the contracts are distinct or should be bundled. Factors to be considered include the pattern of transfer, whether the customers can benefit from the resources, and whether the resources are readily available. The Center also performs an analysis to determine if membership dues or other streams constitute separate performance obligations.

The Center recognizes revenue when a given performance obligation is satisfied, either over a period of time or at a given point in time. Revenue is recognized over a period of time if the customer receives and consumes the benefits that the Center provided, or if the Center's performance does not create an asset with an alternative use and has an enforceable right to payment for the performance. Revenue is recognized at a given point in time when the control of the goods or service is transferred to the customer and when the customer can direct its use and obtain substantial benefit from the goods. The transaction price is calculated as the amount of consideration to which the Center expects to be entitled. In some situations, the Center bills customers and collects cash prior to the satisfaction of the performance obligation, which results in the Center recording contract liabilities upon receipt of payment.

The following explains the performance obligations related to each revenue stream and how they are recognized:

Government grants, contributions and promises to give: Unconditional grants, contributions and promises to give are recognized when received. They are classified within activities without donor restrictions or within activities with donor restrictions depending upon the existence and/or nature of any donor restrictions. Net assets with donor restrictions are reclassified to net assets without donor restrictions when either the purpose restriction is satisfied, or the time restriction expires. Grants, contributions and promises to give with donor restrictions that are both received and released in the same period are classified as without donor restrictions in the statements of activities. Conditional grants, contributions and promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

Meetings and events: Payments received in advance of the meeting or special events are recorded in deferred revenue and then recognized as revenue over the period during which the meeting or event occurs.

THE WOMEN'S LAW CENTER OF MARYLAND, INC.
NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2021 and 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Membership dues: Dues are nonrefundable and are recorded as revenue when received as there is no direct benefit to the members. The membership period is typically one year.

Contract revenue: Contract revenue consists of reimbursement for administrative support and as such the Center recognizes revenue when the services are provided and costs incurred.

Donated Services and In-Kind Contributions: Donated professional services that require specialized skills and 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. Contributed goods are recorded at fair value at the date of donation.

Investment income: Interest and dividends and realized and unrealized gain (loss) on investments, net of fees, are recorded as revenue in the period earned.

Donated Services and In-Kind Contributions

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, 2021 and 2020, donated professional services totaling \$52,500 and \$50,750, respectively, have been recognized in the statements of activities and functional expenses. 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 \$17,528 and \$21,233 in the statements of activities and functional expenses for the years ended June 30, 2021 and 2020, respectively.

Functional Allocation of Expense

The costs of providing various program and supporting services have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. The Center charges expenses directly incurred for a specific function to the appropriate program or supporting service category. Supporting services are comprised of general and administrative expenses and include those costs that are not directly identifiable with any specific program but provide for the overall support and direction of the Center. Accordingly, certain costs have been allocated based on time spent by the Center's personnel in such functions.

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, 2021 and 2020, 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 WOMEN'S LAW CENTER OF MARYLAND, INC.
NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2021 and 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Accounting Pronouncements Adopted

In 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, as amended. In June 2020, the FASB deferred the effective date of this ASU to reporting periods beginning after December 15, 2019. The ASU is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU also requires additional disclosures about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract.

In 2018, the FASB issued ASU No. 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, effective for reporting periods beginning after December 15, 2019. This guidance is intended to clarify and improve the scope and the accounting guidance for contributions received and contributions made. Key provisions in this guidance include clarification regarding the accounting for grants and contracts as exchange transactions or contributions and improves guidance to better distinguish between conditional and unconditional contributions.

There were no material changes in timing of recognition of revenue as a result of the adopted ASUs and therefore there was no adjustment to the opening balances of net assets without donor restrictions.

Accounting Pronouncements Not Yet Adopted

In 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. This ASU changes the accounting treatment for operating leases by recognizing both a lease asset and a lease liability, at the present value of the lease payments, in the statement of financial position. Additional disclosures regarding key information about the leasing arrangements will also be required. FASB also issued ASU 2019-10 that deferred the effective date until the year ended June 30, 2022. The Center plans to adopt the new ASU at the required implementation date, and management is currently in the process of evaluating the adoption method and the impact of the new accounting standard on its financial statements.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

THE WOMEN'S LAW CENTER OF MARYLAND, INC.
NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2021 and 2020

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, 2021 and 2020, 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>Fair Value</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
<u>June 30, 2021</u>				
Mutual Funds	\$ 1,801	\$ 1,801	\$ -	\$ -
<u>June 30, 2020</u>				
Certificates of Deposit	\$ 127,092	\$ -	\$ 127,092	\$ -

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	<u>2021</u>	<u>2020</u>
Office equipment	\$ 32,175	\$ 30,967
Website development	4,398	4,398
Furniture and fixtures	<u>13,612</u>	<u>13,612</u>
	50,185	48,977
Less, accumulated depreciation and amortization	<u>(39,593)</u>	<u>(34,667)</u>
Net value of property and equipment	<u>\$ 10,592</u>	<u>\$ 14,310</u>

Depreciation expense for property and equipment for the years ended June 30, 2021 and 2020 was \$4,926 and \$4,317, respectively.

NOTE 5 - PAYCHECK PROTECTION PROGRAM LOAN

The Center was granted loans on April 9, 2021 and April 15, 2020, in the amounts of \$171,057 and \$182,375, respectively, from a local bank under the Paycheck Protection Program (PPP) administered by a Small Business Administration (SBA) approved partner. The loans are uncollateralized and are fully guaranteed by the Federal Government. The Center initially recorded the loans as refundable advances and subsequently recognized grant revenue in accordance with guidance for conditional contributions under *FASB ASC 958-605*; that is, once the measurable performance or other barrier and right of return of the PPP loan no longer existed. The refundable advances totaled \$96,915 and \$88,168 as of June 30, 2021 and 2020, respectively. The Center has recognized \$162,310 and \$94,207 of the loans as paycheck protection program loan forgiveness revenue for the years ended June 30, 2021 and 2020, respectively.

THE WOMEN'S LAW CENTER OF MARYLAND, INC.
NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2021 and 2020

NOTE 5 - PAYCHECK PROTECTION PROGRAM LOAN (Continued)

The Center received a letter from M&T Bank dated April 14, 2021, informing the Center that that the SBA forgave the entire balance of \$182,375 including any accrued interest. No assurance is provided that the Center will obtain forgiveness of the refundable advance as of June 30, 2021. The application is due no later than 10 months from June 30, 2021. Both the local bank and SBA must review and approve the forgiveness application.

According to the rules of the SBA, the Center is required to retain PPP loan documentation for six years after the date the loan is forgiven or repaid in full, and permit authorized representatives of the SBA, including representatives of its Office of Inspector General, to access such files upon request. Should the SBA conduct such a review and reject all or some of the Center's judgments pertaining to satisfying PPP loan eligibility or forgiveness conditions, the Center may be required to adjust previously reported amounts and disclosures in the financial statements.

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, 2021 and 2020 was \$26,933 and \$27,105, respectively. The fund is comprised of cash and related investment earnings.

Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following purposes or periods:

	<u>2021</u>	<u>2020</u>
Restricted for time	\$ 192,600	\$ 182,970
Restricted for purpose	<u>30,285</u>	<u>8,149</u>
Total net assets with donor restrictions	<u>\$ 222,885</u>	<u>\$ 191,119</u>

NOTE 7 - OPERATING LEASE

The Center has an operating lease agreement for office space which expires on June 30, 2022. The lease agreement calls for a base rent of \$2,647 per month. Future minimum lease payments due for the year ending June 30, 2022 total \$31,768.

THE WOMEN'S LAW CENTER OF MARYLAND, INC.
NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2021 and 2020

NOTE 7 - OPERATING LEASE (Continued)

Rental expense for the years ended June 30, 2021 and 2020 was \$55,176 and \$59,665, respectively, which includes \$16,988 in donated office space for each of the years ended June 30, 2021 and 2020.

NOTE 8 - CONCENTRATION OF CREDIT RISK

The Center has placed its investments in a professionally managed portfolio that contains equity and fixed income mutual funds and money market funds. Such investments are exposed to various risks such as interest rate, market, and credit risk. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment balances and the amounts reported in the financial statements.

The Center maintains bank accounts with a local financial institution and cash equivalents within the investment accounts. The balances may exceed the maximum amount covered by the Federal Deposit Insurance Corporation (FDIC) and the Securities Investor Protection Corporation (SIPC). The Center has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk in cash and cash equivalents.

NOTE 9 - OTHER CONCENTRATIONS

The Center receives a substantial portion of its revenue from state and local governments. Grants from two government agencies approximated 77% and 62% of total grant revenue for the years ended June 30, 2021 and 2020, respectively. Grants receivable from two government agencies approximated 84% and 82% of the total grants receivable as of June 30, 2021 and 2020, 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, 2021 and 2020 matching contributions were \$15,593 and \$13,691, respectively and are included with employee benefits on the statements of activities.

THE WOMEN'S LAW CENTER OF MARYLAND, INC.
NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2021 and 2020

NOTE 11 - LIQUIDITY

For general operating expenditures, the Center has the following financial assets available for operations during on year from June 30:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 903,752	\$ 561,329
Grants and other Receivables	378,278	376,489
Investments	<u>1,801</u>	<u>127,092</u>
 Total financial assets available within one year	 \$1,283,831	 \$ 1,064,910
 Less, amounts unavailable for general expenditures within one year, due to:		
Board designated	(26,933)	(27,105)
Restricted by donors for purpose	<u>(30,285)</u>	<u>(8,149)</u>
 Total financial assets available to management for general expenditures within one year	 <u>\$ 1,226,613</u>	 <u>\$ 1,029,656</u>

The Center maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 12 - COVID-19 FINANCIAL STATEMENT IMPACTS

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The United States and global markets experienced significant declines in value resulting from uncertainty caused by the pandemic. The Center is closely monitoring its investment portfolio and its liquidity and is actively working to minimize the impact of these declines. The extent of the impact of COVID-19 on the Center's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on the Center's grantors, employees, and vendors, all of which at present, cannot be determined. Accordingly, the extent to which COVID-19 may impact the Center's financial position and changes in net assets and cash flows is uncertain and the accompanying financial statements include no adjustments relating to the effects of this pandemic.

NOTE 13 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through March 15, 2022, 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, 2021 and 2020, and our report thereon dated March 15, 2022, which contained an unmodified opinion on those financial statements, appears on pages 1 and 2. Our audits were performed 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 19 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
March 15, 2022

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, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Grant Revenue	\$ 268,464	\$ 289,780
Expenses		
Contract labor	79,215	95,960
Dues and subscriptions	1,815	721
Equipment rental	3,432	2,381
Health Insurance	26	4,770
Insurance	2,972	2,969
Office supplies	1,456	483
Postage and delivery	512	591
Printing and reproduction	588	569
Professional fees	2,344	3,750
Rent	1,084	6,500
Salary	83,874	129,083
Simple IRA	1,980	1,170
Staff Development	900	1,577
Taxes - payroll	6,855	6,264
Telephone	16,411	6,918
Travel	-	1,074
	<u>203,464</u>	<u>264,780</u>
Net	<u>\$ 65,000</u>	<u>\$ 25,000</u>

March 15, 2022

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

Dear Board of Directors:

We have audited the financial statements of The Women's Law Center of Maryland, Inc. (the Center) for the year ended June 30, 2021 and have issued our report thereon dated March 15, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

The American Institute of Certified Public Accountants (AICPA) has established the requirement for independent auditors to communicate certain matters related to the conduct of each audit to those who have responsibility for oversight of management's financial reporting process.

Specific areas to be communicated are as follows:

- Our Responsibility under Auditing Standards Generally Accepted in the United States of America
- Planned Scope and Timing of Audit
- Other Information in Documents Containing Audited Financial Statements
- Qualitative Aspects of Accounting Practices
- Difficulties Encountered in Performing the Audit
- Corrected and Uncorrected Misstatements
- Disagreements with Management
- Management Representations
- Management Consultation with Other Independent Accountants
- Other Audit Findings or Issues

Other comments regarding these matters, as they relate to the June 30, 2021 audit of the Center, are presented in the attachment to this letter. We will be pleased to review these items with you at your request. This report is intended solely for the information and use of the Audit Committee, Board of Directors, and management of the Center and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,


UHY LLP

Attachment

The Women's Law Center of Maryland, Inc.

Our Responsibility under Auditing Standards Generally Accepted in the United States of America

As stated in our engagement letter dated October 20, 2021, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements are fairly presented, in all material aspects, in accordance with accounting principles generally accepted in the United States of America. Our responsibility is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatements. Our audit of the financial statements does not relieve management of your responsibilities.

Our responsibility for the supplementary information accompanying the financial statements, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

As part of our audit, we considered the internal control of the Center. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

Planned Scope and Timing of Audit

We performed the audit according to the planned scope and timing previously communicated to you in various meetings, emails, and phone discussions. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit involved judgment about the number of transactions examined and the areas tested.

Other Information in Documents Containing Audited Financial Statements

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Audit Committee, Board of Directors, and management of the Center, and is not intended to be, and should not be, used by anyone other than these specified parties.

Our responsibility for other information not accompanying the financial statements but contained in annual reports that include your financial statements and our audit opinion does not extend beyond the financial statements identified in our opinion, and we are not required professionally to perform any procedures to corroborate other information contained in such documents.

No documents containing financial information were brought to our attention by management for the year ended June 30, 2021.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Center are described in Note 2 to the financial statements.

Two new accounting policies were adopted during the year ended June 30, 2021: ASU No. 2014-09, *Revenue from Contracts with Customers* (Topic 606) and ASU No. 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The application of existing policies was not changed during the year ended June 30, 2021.

Other than the item described in the following paragraph, we noted no transactions entered into by the Center during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

As described in Note 5, management has accounted for proceeds received pursuant to the United States Small Business Administration and Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief, and Economic Security Act using FASB ASC 958-605, *Not-for-Profit Entities Revenue Recognition* (Grant Model). Because this type of transactions is new, no authoritative accounting principles for PPP proceeds have been issued. However, management's assessment is that the transactions covered by the Grant Model are analogous and that the Grant Model is relevant to its circumstances. Therefore, management used the Grant Model to record the transactions. We discussed the accounting for these transactions with management and believe that the methods selected are appropriate in these circumstances.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements were the functional allocation of expenses between programs and supporting services and allowance for doubtful accounts. For all significant estimates made by management, we have evaluated the reasonableness of the key factors and assumptions used to determine that the estimates are appropriate in relation to the financial statements of the Organization taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. An audit adjustment may or may not indicate matters that could have a significant effect on the Center's financial reporting process (that is, cause future financial statements to be materially misstated). In the attached Schedule A, we proposed audit adjustments that could, in our judgment, either individually or in the aggregate, have a significant effect on the Center's financial reporting process.

There were no uncorrected misstatements of the financial statements.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representation

We have requested certain representations from management that are included in the management representation letter.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" in certain situations. If a consultation involves application of an accounting principle to the Center's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management prior to our engagement as the Center's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our engagement.

**The Women's Law Center of Maryland, Inc.
Schedule A – Adjusting Journal Entries**

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 1			
To reclassify Morgan Stanley Mmk and Bank deposit amounts from old CD account to MS Liquid asset ac grouped with Cash on the financials.			
1150	Liquid Asset (MSDW)	125,291.00	
1350-MF	Mutual Funds	1,801.00	
1351	Unrealized Gain/Loss	1,901.00	
1350	Certificates of Deposit		128,993.00
Total		<u>128,993.00</u>	<u>128,993.00</u>
Adjusting Journal Entries JE # 2			
PBC - To adjust the correct MLSC grant amount for FY21. Originally it was incorrectly recorded under Judicare.			
1407	Grants Receivable	96,240.00	
2300	Grants		96,240.00
Total		<u>96,240.00</u>	<u>96,240.00</u>
Adjusting Journal Entries JE # 3			
To reclassify for CY Unrealized Gain			
3100	Interest Earned	66.00	
6955	Loss on Investment		66.00
Total		<u>66.00</u>	<u>66.00</u>
Adjusting Journal Entries JE # 4			
PBC - To reverse the QTF tax recorded back in FY19 but since repealed not owed any more			
1700	Accounts Payable	1,145.00	
3200	Miscellaneous Income		1,145.00
Total		<u>1,145.00</u>	<u>1,145.00</u>
Adjusting Journal Entries JE # 5			
PBC - to correct the Petty cash account for reissues checks voided or lost			
1700	Accounts Payable	945.00	
6401	Travel & Ent:6401 -+ Travel - Mileage Reimbursement	102.00	
1310	M&T Petty Cash		945.00
1310	M&T Petty Cash		102.00
Total		<u>1,047.00</u>	<u>1,047.00</u>