

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

AUDITED FINANCIAL STATEMENTS  
AND  
SUPPLEMENTARY INFORMATION

For the years ended June 30, 2022 and 2021



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

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## **INDEPENDENT AUDITOR'S REPORT**

To the 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, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Women's Law Center of Maryland, Inc. as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Women's Law Center of Maryland, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

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

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Women's Law Center of Maryland, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Women's Law Center of Maryland, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*UHY LLP*

Columbia, Maryland  
May 10, 2023

**THE WOMEN'S LAW CENTER OF MARYLAND, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**June 30, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 977,915	\$ 903,752
Grants receivable	542,468	378,278
Prepaid expenses	9,912	8,204
Short-term investments	49,882	-
Total current assets	1,580,177	1,290,234
LONG-TERM INVESTMENTS	1,704	1,801
PROPERTY AND EQUIPMENT, net	22,904	10,592
SECURITY DEPOSIT	1,157	1,157
TOTAL ASSETS	<u>\$ 1,605,942</u>	<u>\$ 1,303,784</u>
<b>LIABILITIES AND NET ASSETS</b>		
CURRENT LIABILITIES		
Accounts payable and accrued payroll	\$ 30,185	\$ 26,912
Deferred Revenue	1,475	-
Total current liabilities	31,660	26,912
PAYCHECK PROTECTION PROGRAM LOAN	-	96,915
Total liabilities	31,660	123,827
NET ASSETS		
Without donor restrictions:		
Available for operations	1,312,598	930,139
Board designated	26,936	26,933
Total without donor restrictions	1,339,534	957,072
With donor restrictions	234,748	222,885
Total net assets	1,574,282	1,179,957
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,605,942</u>	<u>\$ 1,303,784</u>

See notes to financial statements.

**THE WOMEN'S LAW CENTER OF MARYLAND, INC.**  
**STATEMENTS OF ACTIVITIES**  
For the years ended June 30, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and Revenue</b>						
Government grants	\$ 836,998	\$ 230,229	\$ 1,067,227	\$ 709,831	\$ 218,734	\$ 928,565
Other grants	327,829	-	327,829	46,158	-	46,158
Contributions of cash and other financial assets	176,963	-	176,963	143,207	-	143,207
Annual meeting	83,181	-	83,181	33,845	-	33,845
Donated food, services, and facilities	83,448	-	83,448	70,028	-	70,028
Dues	21,835	-	21,835	20,403	-	20,403
Contract income	7,986	-	7,986	7,260	-	7,260
Paycheck protection program loan forgiveness	96,915	-	96,915	162,310	-	162,310
Other income	9,337	-	9,337	8,928	-	8,928
Net investment return	259	-	259	519	-	519
Loss on disposal of assets	(1,292)	-	(1,292)	-	-	-
Net assets released from restrictions	218,366	(218,366)	-	186,968	(186,968)	-
<b>Total support and revenue</b>	<b>1,861,825</b>	<b>11,863</b>	<b>1,873,688</b>	<b>1,389,457</b>	<b>31,766</b>	<b>1,421,223</b>
<b>Expenses</b>						
Program services	1,168,972	-	1,168,972	981,421	-	981,421
Management and general	172,933	-	172,933	147,543	-	147,543
Fundraising	137,458	-	137,458	73,020	-	73,020
<b>Total expenses</b>	<b>1,479,363</b>	<b>-</b>	<b>1,479,363</b>	<b>1,201,984</b>	<b>-</b>	<b>1,201,984</b>
<b>Change in Net Assets</b>	<b>382,462</b>	<b>11,863</b>	<b>394,325</b>	<b>187,473</b>	<b>31,766</b>	<b>219,239</b>
<b>Net Assets, Beginning</b>	<b>957,072</b>	<b>222,885</b>	<b>1,179,957</b>	<b>769,599</b>	<b>191,119</b>	<b>960,718</b>
<b>Net Assets, Ending</b>	<b>\$ 1,339,534</b>	<b>\$ 234,748</b>	<b>\$ 1,574,282</b>	<b>\$ 957,072</b>	<b>\$ 222,885</b>	<b>\$ 1,179,957</b>

See notes to financial statements.

**THE WOMEN'S LAW CENTER OF MARYLAND, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
For the years ended June 30, 2022 and 2021

	2022				2021			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Personnel costs:								
Salaries	\$ 801,248	\$ 64,720	\$ 64,494	\$ 930,462	\$ 667,929	\$ 62,760	\$ 43,776	\$ 774,465
Employee benefits	36,748	25,389	4,677	66,814	28,299	19,552	3,602	51,453
Payroll tax expense	38,934	26,900	4,955	70,789	33,506	23,150	4,264	60,920
Total personnel costs	876,930	117,009	74,126	1,068,065	729,734	105,462	51,642	886,838
Advertising	-	-	12,924	12,924	-	-	298	298
Annual meeting food service	-	-	23,237	23,237	-	-	1,898	1,898
Bank fees	-	-	4,151	4,151	-	-	3,372	3,372
Contractual labor	164,484	-	-	164,484	136,555	-	-	136,555
Copying and printing	3,360	160	4,440	7,960	943	5	2,537	3,485
Depreciation	3,285	2,269	418	5,972	2,710	1,871	345	4,926
Dues and subscriptions	14,763	6,178	4,257	25,198	11,473	8,657	3,987	24,117
Insurance	8,153	3,109	341	11,603	7,263	3,597	268	11,128
Miscellaneous	3,829	1,448	1,260	6,537	3,129	2,621	3,064	8,814
Office supplies, telephone, and postage	23,783	7,970	3,743	35,496	25,908	6,078	2,299	34,285
Payroll service fees	2,083	1,440	265	3,788	2,103	1,453	268	3,824
Professional fees	25,776	20,003	5,816	51,595	18,338	5,506	945	24,789
Rent	39,978	13,347	2,451	55,776	40,786	12,293	2,097	55,176
Travel and lodging	2,548	-	29	2,577	2,479	-	-	2,479
Total expenses	\$ 1,168,972	\$ 172,933	\$ 137,458	\$ 1,479,363	\$ 981,421	\$ 147,543	\$ 73,020	\$ 1,201,984

**THE WOMEN'S LAW CENTER OF MARYLAND, INC.**  
**STATEMENTS OF CASH FLOWS**  
For the years ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 394,325	\$ 219,239
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	5,972	4,926
Unrealized loss on investments	322	166
Loss on disposal of assets	1,292	-
Paycheck protection program loan forgiveness	(96,915)	(162,310)
Changes in:		
Grants receivable	(164,190)	(1,789)
Prepaid expenses	(1,708)	1,767
Accounts payable and accrued payroll	3,273	(14,550)
Deferred Revenue	1,475	-
	<u>143,846</u>	<u>47,449</u>
<b>Net cash provided by operating activities</b>		
<b>Cash Flows from Investing Activities</b>		
Proceeds from sales of investments	-	125,125
Purchases of investments	(50,107)	-
Purchases of equipment	(19,576)	(1,208)
	<u>(69,683)</u>	<u>123,917</u>
<b>Net cash (used in) provided by investing activities</b>		
<b>Cash Flows from Financing Activities</b>		
Proceeds from paycheck protection program loan	-	171,057
	<u>74,163</u>	<u>342,423</u>
<b>Net Increase in Cash and Cash Equivalents</b>		
<b>Cash and Cash Equivalents, Beginning</b>	<u>903,752</u>	<u>561,329</u>
<b>Cash and Cash Equivalents, Ending</b>	<u>\$ 977,915</u>	<u>\$ 903,752</u>



**THE WOMEN'S LAW CENTER OF MARYLAND, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the years ended June 30, 2022 and 2021**

**NOTE 1 - PURPOSE OF ORGANIZATION**

The Women's Law Center of Maryland, Inc., (the Center) is a nonprofit corporation, incorporated 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, 2022 and 2021**

**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), whereby revenue is recognized when earned and expenses are recognized when incurred.

**Cash and Cash Equivalents**

The Center considers all highly liquid investments such as demand deposits, money market accounts, and certificates of deposit with an original maturity of three months or less to be cash and cash equivalents. Cash and cash equivalents held by an investment custodian to facilitate investment transactions or for investment are included in investments in the statements of financial position.

**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, 2022 and 2021 to be fully collectible; therefore, no provision has been made for an allowance for uncollectible grants receivable.

**THE WOMEN'S LAW CENTER OF MARYLAND, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the years ended June 30, 2022 and 2021**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Investments**

The Center records investments 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 gains and losses, less external and direct internal investment expenses.

**Fair Value Measurements**

The fair value measurement accounting literature establishes 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 (such as stock quotes)
- *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 (such as yield curves or other market data).
- *Level 3*: Unobservable inputs which reflect the reporting entity's assessment of the assumptions that market participants would use in pricing the asset or liability including assumptions about risk, such as bid/ask spreads and liquidity discounts.

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.

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

Certificates of Deposit: Valued using quoted market prices for those or similar instruments (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, 2022 and 2021.

**THE WOMEN'S LAW CENTER OF MARYLAND, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
For the years ended June 30, 2022 and 2021

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 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 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 subject to donor (or grantor) restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. 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. See Note 6 for more information on the composition of net assets with donor restrictions.

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.

**THE WOMEN'S LAW CENTER OF MARYLAND, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
For the years ended June 30, 2022 and 2021

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Revenue Recognition**

Revenue includes line items representing support such as government and other grants and contributions from donors and line items that have performance obligations such as meetings and events, contract income and fee for service income.

For each revenue stream where revenue recognition is subject to the completion of performance obligations, the Center determines 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's revenue is recognized when a given performance obligation is satisfied, either over a period of time or at a given point in time, as follows:

*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.

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.

A portion of our revenue is derived from cost-reimbursable federal and state grants, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Center has incurred expenditures in compliance with the specific grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. No amounts have been received in advance under federal and state grants as of June 30, 2022 and 2021.

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

*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.

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

**THE WOMEN'S LAW CENTER OF MARYLAND, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the years ended June 30, 2022 and 2021**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Donated Services and In-Kind Contributions**

Donated professional services that require specialized skills and 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. Contributed goods are recorded at fair value at the date of donation.

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, 2022 and 2021, donated professional services totaling \$50,250 and \$52,500, 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 \$33,198 and \$17,528 in the statements of activities and functional expenses for the years ended June 30, 2022 and 2021, 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, 2022 and 2021, 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, 2022 and 2021

**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. 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.

**Accounting Pronouncements Adopted in 2022**

ASU No. 2020-07, (Topic 958): *Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU requires not-for-profits (NFPs) to present contributed nonfinancial assets (commonly referred to as gifts-in-kind) as a separate line item in the statement activities, apart from contributions of cash and other financial assets and disclose the following: [1] A disaggregation of the amount of contributed nonfinancial assets recognized within the statement of activities by category that depicts the type of contributed nonfinancial assets; [2] For each category of contributed nonfinancial assets recognized, qualitative information about whether nonfinancial assets were monetized or utilized; the NFP's policy (if any) about monetizing rather than utilizing contributed nonfinancial assets; donor-imposed restrictions associated with contributed nonfinancial assets; and valuation techniques, inputs, and the principal market used for determining fair value. Amendments in this standard are effective for fiscal years beginning after June 15, 2021. The ASU must be applied retrospectively. For the Center the ASU is effective for the year ended June 30, 2022.

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

**Recent Accounting Pronouncements Not Yet Adopted**

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 2020-05 that deferred the effective date to fiscal years beginning after December 15, 2021. For the Center the ASU is effective for the year ended June 30, 2023. The Center plans to adopt the ASU at the required implementation date.

**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, 2022 and 2021

**NOTE 3 - INVESTMENTS AND FAIR VALUE MEASUREMENT**

The following are the major categories of assets measured at fair value on a recurring basis during the years ended June 30, 2022 and 2021:

	<u>Fair Value</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
<u>June 30, 2022</u>				
Certificates of Deposit (Short-term)	\$ 49,882	\$ -	\$ 49,882	\$ -
Mutual Funds	<u>1,704</u>	<u>1,704</u>	<u>-</u>	<u>-</u>
Total investments	<u>\$ 51,586</u>	<u>\$ 1,704</u>	<u>\$ 49,882</u>	<u>\$ -</u>
<u>June 30, 2021</u>				
Mutual Funds	<u>\$ 1,801</u>	<u>\$ 1,801</u>	<u>\$ -</u>	<u>\$ -</u>

**NOTE 4 - PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at June 30:

	<u>2022</u>	<u>2021</u>
Office equipment	\$ 48,587	\$ 32,175
Website development	4,398	4,398
Furniture and fixtures	<u>13,612</u>	<u>13,612</u>
	66,597	50,185
Less, accumulated depreciation and amortization	<u>(43,693)</u>	<u>(39,593)</u>
Net value of property and equipment	<u>\$ 22,904</u>	<u>\$ 10,592</u>

Depreciation expense for property and equipment for the years ended June 30, 2022 and 2021 was \$5,972 and \$4,926, 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 \$0- and \$96,915 as of June 30, 2022 and 2021, respectively. The Center has recognized \$96,915 and \$162,310 of the loans as paycheck protection program loan forgiveness revenue for the years ended June 30, 2022 and 2021, respectively.



**THE WOMEN'S LAW CENTER OF MARYLAND, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
For the years ended June 30, 2022 and 2021

**NOTE 5 - PAYCHECK PROTECTION PROGRAM LOAN (Continued)**

The Center received letters from M&T Bank dated April 13, 2022 and April 14, 2021, informing the Center that the SBA forgave the entire balances of the two loans - \$171,057 and \$182,375, respectively, including any accrued interest.

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, 2022 and 2021 was \$26,936 and \$26,933, 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>2022</u>	<u>2021</u>
Restricted for time	\$ 222,900	\$ 192,600
Restricted for purpose	<u>11,848</u>	<u>30,285</u>
Total net assets with donor restrictions	<u>\$ 234,748</u>	<u>\$ 222,885</u>

**NOTE 7 - OPERATING LEASES**

The Center had an operating lease agreement for office space which expired on June 30, 2022. The lease agreement called for a base rent of \$2,647 per month. No new lease agreement has been entered into as of June 30, 2022. The Center continues to pay rent on a month-to-month basis at a rate of \$2,647. A new lease agreement is expected to be finalized by the year ended June 30, 2023.

The Center leases various office equipment under operating leases with varying expirations for total annual lease payments of approximately \$4,700.

**THE WOMEN'S LAW CENTER OF MARYLAND, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the years ended June 30, 2022 and 2021**

**NOTE 7 - OPERATING LEASES (Continued)**

Rental expense for the years ended June 30, 2022 and 2021 was \$55,776 and \$55,175, respectively, which includes \$16,988 in donated office space for each of the years ended June 30, 2022 and 2021.

Future minimum lease payments on the operating leases are as follows:

Years ending June 30:	
2023	\$ 4,735
2024	<u>3,551</u>
	<u>\$ 8,286</u>

**NOTE 8 – CONCENTRATION, RISKS AND UNCERTAINTIES**

**Credit Risk**

The Center has placed its investments in a professionally managed portfolio that contains equity and fixed income mutual funds, certificates of deposit 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.

**Other Concentrations**

The Center receives a substantial portion of its revenue from state and local governments. Grants from three government agencies approximated 75% and 93% of total grant revenue for the years ended June 30, 2022 and 2021, respectively. Grants receivable from the same three government agencies approximated 99% and 97% of the total grants receivable as of June 30, 2022 and 2021, respectively. The Center receives grants which renew annually subject to the approval of the grantor.

**Covid-19 Impact**

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

**THE WOMEN'S LAW CENTER OF MARYLAND, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
For the years ended June 30, 2022 and 2021

**NOTE 8 – CONCENTRATION, RISKS AND UNCERTAINTIES (Continued)**

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 9 - 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, 2022 and 2021 matching contributions were \$17,504 and \$15,593, respectively and are included with employee benefits on the statements of activities.

**NOTE 10 - LIQUIDITY**

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

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 977,915	\$ 903,752
Grants and other Receivables	542,468	378,278
Investments	<u>51,586</u>	<u>1,801</u>
Total financial assets available within one year	\$1,571,969	\$ 1,283,831
Less, amounts unavailable for general expenditures within one year, due to:		
Board designated	(26,936)	(26,933)
Restricted by donors for purpose	<u>(11,848)</u>	<u>(30,285)</u>
Total financial assets available to management for general expenditures within one year	<u>\$ 1,533,185</u>	<u>\$ 1,226,613</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 11 - SUBSEQUENT EVENTS**

Subsequent events have been evaluated through May 10, 2023, 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, 2022 and 2021, and our report thereon dated May 10, 2023, 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  
May 10, 2023

**THE WOMEN'S LAW CENTER OF MARYLAND, INC.**  
**SCHEDULES OF GRANT REVENUE AND EXPENSES RELATING TO**  
**MARYLAND LEGAL SERVICES CORPORATION GRANTS**  
For the years ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>Grant Revenue</b>	\$ 313,702	\$ 268,464
<b>Expenses</b>		
Contract labor	114,324	79,215
Dues and subscriptions	2,364	1,815
Equipment rental	2,457	3,432
Health Insurance	6,334	26
Insurance	2,890	2,972
Office supplies	1,762	1,456
Postage and delivery	646	512
Printing and reproduction	271	588
Professional fees	6,721	2,344
Rent	6,500	1,084
Salary	118,240	83,874
Simple IRA	1,535	1,980
Staff Development	1,099	900
Taxes - payroll	13,779	6,855
Telephone	14,702	16,411
Travel	78	-
	<u>293,702</u>	<u>203,464</u>
Total expenses		
	<u>293,702</u>	<u>203,464</u>
<b>Net</b>	<u>\$ 20,000</u>	<u>\$ 65,000</u>

May 10, 2023

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, 2022 and have issued our report thereon dated May 10, 2023. 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. We have communicated such information in our engagement letter to you dated October 10, 2022. 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, 2022 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 Trustees, 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 A**

### **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 10, 2022, our responsibility, as described by professional standards, is to express an opinion about whether the combined 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 combined financial statements are free of material misstatements. Our audit of the combined financial statements does not relieve management of your responsibilities.

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 the 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 combined financial statements; therefore, our audit involved judgment about the number of transactions examined and the areas tested.

#### **Other Information in Documents Containing Audited Combined Financial Statements**

Our responsibility for other information not accompanying the combined financial statements but contained in annual reports that include your combined financial statements and our audit opinion does not extend beyond the combined 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, 2022.

#### **Significant Audit Matters**

##### *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. The application of existing policies was not changed during 2022, but as disclosed in the financial statements the Center adopted one new accounting policy (Accounting Standards Update (ASU) No. 2020-07, (Topic 958): *Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*, during 2022. We noted no transactions entered into by the Center during the year 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.

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, services and supporting services, and fundraising. 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 Center 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 misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole. The attached schedule - Attachment B, summarizes proposed audit adjustments to the financial statements.

#### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a disagreement on 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 Representations*

We have requested certain representations from management that are included in the management representation letter dated May 10, 2023.

#### *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" on 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 each year prior to retention 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 retention.

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

Account	Description	Debit	Credit
<b>Adjusting Journal Entries</b>			
<b>Adjusting Journal Entries JE # 1</b>			
UHY only - To reclassify the short term CDs from Liquid assets (Cash equivalents) for Financial Statement presentation			
1151 - CD	Certificates of Deposit	49,882.00	
1150	Liquid Asset (MSDW)		49,882.00
<b>Total</b>		<b>49,882.00</b>	<b>49,882.00</b>
 <b>Adjusting Journal Entries JE # 2</b>			
To correct IOLTA account transfer - deposited in July 2022 (transfer from IOLTA ac to Checking) for Fee for service revenue			
1405	Undeposited Funds	9,775.00	
3200	Miscellaneous Income	1,475.00	
3800	Fee for Service		11,250.00
<b>Total</b>		<b>11,250.00</b>	<b>11,250.00</b>
	<b>Total Adjusting Journal Entries</b>	<b>61,132.00</b>	<b>61,132.00</b>
	<b>Total All Journal Entries</b>	<b>61,132.00</b>	<b>61,132.00</b>