

**WASHINGTON LAWYERS' COMMITTEE FOR  
CIVIL RIGHTS AND URBAN AFFAIRS, INC.  
DECEMBER 31, 2018 AND 2017**

## TABLE OF CONTENTS

	Page
Independent Auditors' 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 - 16
Supplementary Information:	
Schedules of Activities (Without Donated Services)	17

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Washington Lawyers' Committee for Civil Rights and Urban Affairs, Inc.  
Washington, D.C.

We have audited the accompanying financial statements of Washington Lawyers' Committee for Civil Rights and Urban Affairs, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

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

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider 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 in the first paragraph present fairly, in all material respects, the financial position of Washington Lawyers' Committee for Civil Rights and Urban Affairs, Inc. as of December 31, 2018 and 2017, 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.

### ***Report on Supplementary Information***

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedules of Activities (Without Donated Services) for the years ended December 31, 2018 and 2017 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 audits 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.

*Darwin and Rhodes, LLP*

September 25, 2019

**WASHINGTON LAWYERS' COMMITTEE FOR  
CIVIL RIGHTS AND URBAN AFFAIRS, INC.  
STATEMENTS OF FINANCIAL POSITION**

	DECEMBER 31,	
	2018	2017
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents (Notes 1 and 12)	\$ 1,726,899	\$ 2,646,413
Restricted cash	184,738	192,016
Total cash and cash equivalents	\$ 1,911,637	\$ 2,838,429
Investments (Notes 1, 4 and 5)	1,405,391	-
Grants and contributions receivable (Notes 1 and 6)	822,466	499,247
Accounts and other receivable (Note 1)	77,060	39,612
Prepaid expenses	179,219	72,748
Employee receivables	3,492	1,453
<b>TOTAL CURRENT ASSETS</b>	<b>\$ 4,399,265</b>	<b>\$ 3,451,489</b>
<b>PROPERTY AND EQUIPMENT</b> (Notes 1 and 7)	<b>\$ 107,499</b>	<b>\$ 99,045</b>
<b>OTHER ASSETS:</b>		
Security deposit	\$ 187,910	\$ 77,268
Contributions receivable - non-current portion (Notes 1 and 6)	82,447	-
<b>TOTAL OTHER ASSETS</b>	<b>\$ 270,357</b>	<b>\$ 77,268</b>
<b>TOTAL ASSETS</b>	<b>\$ 4,777,121</b>	<b>\$ 3,627,802</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable and accrued expenses	\$ 279,983	\$ 277,535
Custodial escrow funds	10,000	10,108
Deferred lease obligation, current portion (Note 8)	95,829	174,883
Deferred revenue	-	27,000
<b>TOTAL CURRENT LIABILITIES</b>	<b>\$ 385,812</b>	<b>\$ 489,526</b>
<b>OTHER LIABILITIES:</b>		
Deferred lease obligation, long-term portion (Note 8)	24,652	95,830
<b>TOTAL LIABILITIES</b>	<b>\$ 410,464</b>	<b>\$ 585,356</b>
<b>COMMITMENTS</b> (Note 8)		
<b>NET ASSETS</b> (Notes 1, 11 and 13):		
Without donor restrictions	\$ 3,618,841	\$ 2,396,589
With donor restrictions	747,816	645,857
<b>TOTAL NET ASSETS</b>	<b>\$ 4,366,657</b>	<b>\$ 3,042,446</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 4,777,121</b>	<b>\$ 3,627,802</b>

The accompanying notes are an integral part of these financial statements.

**WASHINGTON LAWYERS' COMMITTEE FOR  
CIVIL RIGHTS AND URBAN AFFAIRS, INC.**

**STATEMENTS OF ACTIVITIES**

FOR THE YEARS ENDED DECEMBER 31,  
2018 2017

	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT, REVENUES AND GAINS (Notes 1 and 11):</b>						
Contributed services	\$ 26,392,255	\$ -	\$ 26,392,255	\$ 28,605,978	\$ -	\$ 28,605,978
Grants and contributions	1,978,319	927,190	2,905,509	1,101,455	1,033,201	2,134,656
Legal fees and court awards	1,429,917	-	1,429,917	1,580,383	-	1,580,383
Annual events	1,122,861	-	1,122,861	870,270	-	870,270
Less, direct benefits to donors	(169,691)	-	(169,691)	(79,665)	-	(79,665)
Fellowship subsidies	140,195	18,629	158,824	95,989	-	95,989
Rental income	29,076	-	29,076	173,393	-	173,393
Interest income	4,695	8,552	13,247	1,131	394	1,525
Net assets released from restrictions	852,412	(852,412)	-	1,048,794	(1,048,794)	-
Excess of assets acquired over liabilities assumed of the Employment Justice Center (Note 13)	-	-	-	35,392	-	35,392
<b>TOTAL SUPPORT, REVENUES AND GAINS</b>	<b>\$ 31,780,039</b>	<b>\$ 101,959</b>	<b>\$ 31,881,998</b>	<b>\$ 33,433,120</b>	<b>\$ (15,199)</b>	<b>\$ 33,417,921</b>
<b>EXPENSES:</b>						
Program service	\$ 29,361,610	\$ -	\$ 29,361,610	\$ 31,080,030	\$ -	\$ 31,080,030
Supporting services:						
Management and general	632,288	-	632,288	734,501	-	734,501
Fundraising	563,889	-	563,889	503,298	-	503,298
<b>TOTAL EXPENSES</b>	<b>\$ 30,557,787</b>	<b>\$ -</b>	<b>\$ 30,557,787</b>	<b>\$ 32,317,829</b>	<b>\$ -</b>	<b>\$ 32,317,829</b>
<b>CHANGES IN NET ASSETS</b>	<b>\$ 1,222,252</b>	<b>\$ 101,959</b>	<b>\$ 1,324,211</b>	<b>\$ 1,115,291</b>	<b>\$ (15,199)</b>	<b>\$ 1,100,092</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>2,396,589</b>	<b>645,857</b>	<b>3,042,446</b>	<b>1,281,298</b>	<b>661,056</b>	<b>1,942,354</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 3,618,841</b>	<b>\$ 747,816</b>	<b>\$ 4,366,657</b>	<b>\$ 2,396,589</b>	<b>\$ 645,857</b>	<b>\$ 3,042,446</b>

The accompanying notes are an integral part of these financial statements.

**WASHINGTON LAWYERS' COMMITTEE FOR  
CIVIL RIGHTS AND URBAN AFFAIRS, INC.  
STATEMENTS OF FUNCTIONAL EXPENSES**

FOR THE YEARS ENDED DECEMBER 31,

2018

2017

	Supporting Services				Supporting Services					
	Program Service	Management and General	Fundraising	Direct Benefits to Donors	Total	Program Service	Management and General	Fundraising	Direct Benefits to Donors	Total
Contributed services	\$ 26,392,255	\$ -	\$ -	\$ -	\$ 26,392,255	\$ 28,605,978	\$ -	\$ -	\$ -	\$ 28,605,978
Salaries, benefits and payroll taxes	1,912,935	443,267	353,412	-	2,709,614	1,565,402	494,750	323,968	-	2,384,120
Occupancy	650,184	92,059	96,689	-	838,932	624,798	117,266	92,633	-	834,697
Events	57,802	-	-	169,691	227,493	-	-	31,928	79,665	111,593
Publications and messaging	79,779	14,092	47,509	-	141,380	12,277	175	8,091	-	20,543
Consultants	51,882	6,848	12,070	-	70,800	60,059	83,467	9,912	-	153,438
Office supplies	31,730	4,903	16,775	-	53,408	9,564	1,737	1,343	-	12,644
Equipment rental and maintenance	36,995	5,840	6,463	-	49,298	38,357	6,624	5,767	-	50,748
Depreciation and amortization	-	47,884	-	-	47,884	40,060	6,918	6,024	-	53,002
Litigation support	43,176	-	-	-	43,176	34,272	-	-	-	34,272
Insurance	28,263	4,504	4,205	-	36,972	23,215	4,279	3,726	-	31,220
Communications	22,788	3,350	10,744	-	36,882	30,054	4,067	5,578	-	39,699
Printing and duplicating	14,127	2,331	2,891	-	19,349	12,179	2,281	1,986	-	16,446
Conferences and meetings	11,655	98	1,187	-	12,940	1,851	6,091	145	-	8,087
Travel	10,223	474	2,141	-	12,838	10,956	3,046	5,218	-	19,220
Miscellaneous	9,016	300	1,387	-	10,703	9,008	3,337	2,619	-	14,964
PEP Grant Funds	8,800	-	-	-	8,800	2,000	-	-	-	2,000
Bank and credit card fees	-	155	8,416	-	8,571	-	463	4,360	-	4,823
Taxes and other	-	6,183	-	-	6,183	-	-	-	-	-
<b>TOTAL EXPENSES</b>	\$ 29,361,610	\$ 632,288	\$ 563,889	\$ 169,691	\$ 30,727,478	\$ 31,080,030	\$ 734,501	\$ 503,298	\$ 79,665	\$ 32,397,494
Less, Direct Benefits to Donors	-	-	-	(169,691)	(169,691)	-	-	-	(79,665)	(79,665)
<b>TOTAL EXPENSES PER STATEMENT OF ACTIVITIES</b>	\$ 29,361,610	\$ 632,288	\$ 563,889	\$ -	\$ 30,557,787	\$ 31,080,030	\$ 734,501	\$ 503,298	\$ -	\$ 32,317,829

The accompanying notes are an integral part of these financial statements.

**WASHINGTON LAWYERS' COMMITTEE FOR  
CIVIL RIGHTS AND URBAN AFFAIRS, INC.  
STATEMENTS OF CASH FLOWS**

	FOR THE YEARS ENDED DECEMBER 31,	
	<u>2018</u>	<u>2017</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Changes in net assets	\$ 1,324,211	\$ 1,100,092
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	47,884	53,002
Asset acquisition recorded as revenue	-	(5,796)
Decrease (increase) in assets and liabilities:		
Grants and contributions receivable	(405,666)	(170,591)
Accounts and other receivable	(37,448)	142,925
Deferred compensation asset	-	295,069
Prepaid expenses	(106,471)	(34,166)
Employee receivables	(2,039)	(394)
Security deposit	(110,642)	-
Accounts payable and accrued expenses	2,448	(198,335)
Custodial escrow funds	(108)	(84,978)
Deferred compensation liability	-	(295,069)
Deferred lease obligation	(150,232)	(153,064)
Deferred revenue	(27,000)	27,000
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>\$ 534,937</u>	<u>\$ 675,695</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of investments	\$ (1,405,391)	\$ -
Payments for purchases of property and equipment	(56,338)	(25,498)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<u>\$ (1,461,729)</u>	<u>\$ (25,498)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	\$ (926,792)	\$ 650,197
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>2,838,429</u>	<u>2,188,232</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 1,911,637</u>	<u>\$ 2,838,429</u>
<b>SUPPLEMENTAL CASH FLOW INFORMATION:</b>		
Taxes paid	\$ 6,063	\$ -
Net assets acquired:		
Fair market value of assets acquired	-	39,295
Liabilities assumed	-	(3,903)
<b>Totals</b>	<u>\$ 6,063</u>	<u>\$ 35,392</u>

The accompanying notes are an integral part of these financial statements.



**WASHINGTON LAWYERS' COMMITTEE FOR  
CIVIL RIGHTS AND URBAN AFFAIRS, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018 AND 2017**

Note 1. **Organization and Summary of Significant Accounting Policies**

**Organization** - The Washington Lawyers' Committee for Civil Rights and Urban Affairs, Inc. (WLC), a nonprofit organization, was incorporated in Washington, D.C. in 1992. Its primary purpose is to provide legal services to protect the civil rights of members of the general public who have historically been subject to discrimination or poverty through legal representation and litigation as well as providing counseling and assistance to individuals, groups, and organizations requiring or requesting such services. In addition, WLC cooperates with and assists the organized bar, government agencies, public and private corporations, associations, and legal practitioners in extending these civil rights protections to those in need of them.

**Program Service** - WLC engages in litigation, public policy advocacy, client counseling and community education to address racial and other forms of discrimination. The Committee works on matters that affect the District of Columbia and the surrounding region and on cases outside of the region that may have an impact on local residents. WLC works closely with the private bar to expand the capacity of our staff and rely heavily on various firm pro bono partners. Our project priorities include:

- **Creating Equal Opportunity to Economic Stability for Individuals and Families.** People of color, women, children and persons with disabilities are disproportionately forced to live in poverty. The inequities in the social and legal systems have created circumstances in which social mobility is extremely limited and the gap between rich and poor is expanding. Inequality and immobility is significantly worse in communities of color. Poverty has become as much an inheritance as wealth. Work has become a key element of reducing poverty since welfare “reform”, making access to employment, fair wages and stability in work critical.
- **Challenging the Conditions that Force Racial and Economic Segregation and that Limit Options for Safe, Decent and Affordable Housing Based on Race and National Origin.** Housing segregation is itself inherently unequal and contributes to diminished opportunities for education, work and recreation. Racial segregation in housing is increasing in the District and the region driven by economic development, the effects of discrimination in the criminal legal system and other structural and economic factors. The forces of segregation in the District have deprived low income and many communities of color access to safe, decent and affordable housing.
- **Reducing Barriers to Public Services and Public Accommodations.** The ability to access public services or participate in the economy are essential to be full members of society. Everyone, regardless of race, gender, disability or language should be free from discrimination in civic participation, economic activity and social engagement.

**WASHINGTON LAWYERS' COMMITTEE FOR  
CIVIL RIGHTS AND URBAN AFFAIRS, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018 AND 2017**

Note 1. **Organization and Summary of Significant Accounting Policies - (Continued)**

- **Creating Equal Opportunity for an Education.** One of the great unfinished projects of the civil rights movement is addressing inequality in education. Schools are increasingly segregated, separate and unequal. Children of color, with disabilities and English language learners are much more frequently denied the opportunity to thrive and achieve their aspirations. Education reform in the District and in the region has had some effect, but it is limited.
  
- **Reducing the Impact of an Unfair Criminal Justice System.** The criminal justice system is a prime driver of inequality. Work to address these issues will include:
  - *A continued strong emphasis on addressing conditions of incarceration.* Persons confined to prisons, jails, immigration detention and other criminal justice system institutions are confronted with a unique and particularly cruel form of state power. As long as mass incarceration is a fact, the need for prisoners' rights advocacy will be essential.
  
  - *Strategies to reduce unnecessary and discriminatory contact with the criminal justice system and that reduces the effects of such contact.* Race bias is deeply imbedded in each criminal justice system component, including the writing of laws, police, prosecutors, courts, prisons and the effects of collateral consequences. These effects are significant whether they result in long-term incarceration, crushing court imposed financial obligations (debtors' prisons) or barriers to employment, education or housing after a period of incarceration.

**Basis of Accounting** - The financial statements of WLC have been prepared on the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when incurred.

**Basis of Presentation** - WLC prepares its financial statements in accordance with U.S. generally accepted accounting principles, including those applicable to nonprofit organizations. Under this presentation, WLC is required to report information regarding its financial position and activities for each of the two classes of net assets:

*Net assets without donor restrictions* - Net assets without donor restrictions have no donor-imposed restrictions on their use and are fully available for general operations.

*Net assets with donor restrictions* - Net assets with donor restrictions arise from contributions with donor-imposed restrictions on their use that can be removed by the passage of time or actions by WLC.

**WASHINGTON LAWYERS' COMMITTEE FOR  
CIVIL RIGHTS AND URBAN AFFAIRS, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018 AND 2017**

Note 1. **Organization and Summary of Significant Accounting Policies - (Continued)**

**Income Tax Status** - WLC is exempt from federal income taxes on its exempt activities under Section 501(c)(3) of the Internal Revenue Code (IRC) except for taxes on unrelated business income. Income from certain activities not directly related to the Council's tax-exempt purpose are subject to taxation as unrelated business income.

**Use of Estimates** - The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Cash and Cash Equivalents** - For purposes of the statements of cash flows, WLC considers all cash and other highly liquid investments with original maturities of three months or less to be cash equivalents.

**Investments** - WLC investments consist primarily of Certificates of Deposit (CD) which are reported at their fair values in the statements of financial position. Investment income is comprised of interest on the CDs and is reported in the statements of activities.

**Grants and Contributions Receivable** - Grants receivable represent amounts due from donors based on approved grants and are reported on the statements of financial position at their net realizable value. Contributions receivable represent amounts unconditional promises made by donors but have not yet been received by WLC. Contributions which will not be received in one year have been discounted using an estimated rate of return which could be earned if such contributions had been made in the current year. WLC considers all contributions receivable to be fully collectible; accordingly, no allowance for uncollectible receivables has been provided.

**Accounts Receivable** - Accounts receivable represents amounts due from case settlements and are stated at the amount management expects to collect from balances outstanding at year-end. Case settlements are shown on the statements of financial position at the time of settlement notification and when the amount of the award is deemed certain. Based on its assessment of the payment history and current relationships, management has concluded that realization losses, if any, on balances outstanding at year-end would be immaterial. It is WLC's policy to directly charge off uncollectible accounts receivable when management determines the receivable will not be collected. Management expects the amounts to be received in the next year. Accounts receivable are uncollateralized.

**WASHINGTON LAWYERS' COMMITTEE FOR  
CIVIL RIGHTS AND URBAN AFFAIRS, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018 AND 2017**

Note 1. **Organization and Summary of Significant Accounting Policies - (Continued)**

**Property and Equipment** - Property and equipment are stated at cost, if purchased, and at fair value, if donated. All additions of equipment over \$1,000 with useful lives more than one year are capitalized. Depreciation is computed on the straight-line method based on estimated useful lives of three to five years. Leasehold improvements are amortized on the straight-line basis over the lease term. Maintenance and repairs are expensed in the year incurred.

**Grants and contributions** - Grants and contributions are recognized at the earlier of when the donor makes a promise to give to WLC that is, in substance, unconditional or when they are received. Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

**Legal Fees and Court Awards** - Legal fees and court awards are compensation to WLC for the work of its attorneys and reimbursement of expenses incurred in connection with litigation. Revenue for these legal fees and court awards is recognized upon receipt of funds or upon receipt of award or settlement notification and collection is deemed certain, which is determined by management on a case by case basis.

**Donated Services** - Donated services that create or enhance non-financial assets or that require specialized skills and would typically need to be purchased if not provided by donation, are recorded as revenue and expense at their estimated fair values in the period received. Such amounts are reflected as a part of contributed services revenue and program activities expenses in the accompanying statements of activities.

**Functional Expense Allocation** - The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in detail by natural classification in the Statement of Functional Expenses. Expenses directly attributable to specific functional areas are reported as expenses of those functional areas while indirect costs that benefit multiple functional areas have been allocated among the various functional areas benefitted based on a time and effort basis that is consistently applied. Allocated costs that benefitted multiple functional areas consisted primarily of occupancy expenses, insurance, printing and duplicating, office supplies, communications, and equipment rental and maintenance.

**WASHINGTON LAWYERS' COMMITTEE FOR  
CIVIL RIGHTS AND URBAN AFFAIRS, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018 AND 2017**

- Note 2. **Change in Accounting Principle** - Management adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. As a result of this change, net assets that were previously presented as unrestricted net assets and temporary restricted net assets were converted to net assets without donor restrictions and net assets with donor restrictions, respectively to comply with the standard. The implementation of this ASU had no effect on the changes in net asset classes for either period presented.
- Note 3. **Liquidity and Availability** - WLC has \$3,483,829 of financial assets available within one year of the statements of financial position date to meet cash needs for general expenditures, consisting of cash of \$1,175,923, investment of \$1,405,391, accounts and other receivable of \$77,060, employee receivable of \$3,492 and grants and contributions receivable of \$821,963. The grants receivables are subject to contractual restrictions which are expected to be fulfilled within one year. The contributions receivables are subject to implied time restrictions but are expected to be collected within one year. WLC has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet 90 days of normal operating expenses, which are, on average, approximately \$1,200,000. WLC has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, as part of its liquidity management, WLC invests cash in excess of daily requirements in various liquid short-term investments, including laddered certificate of deposits and overnight sweep accounts.
- Note 4. **Investments** - WLC invests cash in excess of its immediate needs in CDs which are reported as investments in the statements of financial position. The balance at December 31, 2018 was \$1,405,391.
- Note 5. **Fair Value Measurements** - Accounting principles generally accepted in the United States of America establish 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 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 are described as follows:
- Level 1            Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that WLC has the ability to access.

**WASHINGTON LAWYERS' COMMITTEE FOR  
CIVIL RIGHTS AND URBAN AFFAIRS, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018 AND 2017**

Note 5. **Fair Value Measurements** - (Continued)

- Level 2           Inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3           Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's 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 need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value, on a recurring basis.

*Certificates of Deposit Account Registry Service* - Certificates of deposit managed by brokerage arrangements are priced based on credit and risk factors by independent pricing services. WLC's CDs were measured using level 2 inputs as of December 31, 2018 at fair values of \$1,405,391.

Note 6. **Contributions Receivable** - Contributions receivable represent promises to give which have been made by donors but have not yet been received by WLC. Contributions which will not be received in the subsequent year have been discounted using an estimated rate of return which could be earned if such contributions had been made in the current year.

Contributions receivable at December 31, 2018 were as follows:

Contributions expected to be collected in:	
Less than one year	\$       30,000
One to five years	94,750
	\$       124,750
Less, discount to present value	(12,303)
Net contributions receivable	\$       112,447

There were no contributions receivable at December 31, 2017.

**WASHINGTON LAWYERS' COMMITTEE FOR  
CIVIL RIGHTS AND URBAN AFFAIRS, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018 AND 2017**

Note 7. **Property and Equipment** - Property and equipment consists of the following as of December 31:

	<u>2018</u>	<u>2017</u>
Leasehold improvements	\$ 488,435	\$ 463,783
Furniture and equipment	101,263	129,541
Website and other	<u>46,000</u>	<u>-</u>
Total property and equipment	\$ 635,698	\$ 593,324
Less, accumulated depreciation and amortization	<u>528,199</u>	<u>494,279</u>
Net property and equipment	<u>\$ 107,499</u>	<u>\$ 99,045</u>

Depreciation and amortization expense for the years ended December 31, 2018 and 2017 was \$47,884 and \$53,002, respectively.

Note 8. **Commitments** - On June 19, 2008, WLC entered into a ten-year lease extension for office space expiring in June 2019. The lease extension established annual escalations in the base rent and provided a \$608,570 build-out allowance. The annual escalations and build-out allowance give rise to a deferred lease obligation which is amortized over the lease term. The deferred lease obligation as of December 31, 2018 and 2017 was \$95,829 and \$270,713, respectively. Total rent expense for the years ended December 31, 2018 and 2017 was \$838,932 and \$833,503, respectively.

On September 4, 2018, WLC entered into a 113-month operating lease for office space effective June 2019. The lease calls for annual escalations in the base rent and a \$1,496,448 leasehold improvement allowance. The annual escalations and leasehold improvement allowance give rise to a deferred lease obligation which will be amortized over the lease term beginning in 2019. The deferred lease obligation on this lease as of December 31, 2018 was \$24,652.

On September 22, 2015, WLC entered into a 63-month non-cancelable operating lease for a copier that expires in December 2020. On January 30, 2015, WLC entered into a 51-month non-cancelable operating lease for a postage meter that expires in April 2019. Monthly rental payments on the copier and postage meter are \$1,260 and \$250, respectively. Rental expense for the years ended December 31, 2018 and 2017 was \$20,579 and \$21,150, respectively.

**WASHINGTON LAWYERS' COMMITTEE FOR  
CIVIL RIGHTS AND URBAN AFFAIRS, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018 AND 2017**

Note 8. **Commitments** - (Continued)

Future minimum lease payments as of December 31, 2018 are as follows:

Years Ending December 31,	Office Lease	Equipment	Total
2019	\$ 650,171	\$ 16,120	\$ 666,291
2020	677,406	15,120	692,526
2021	701,115	-	701,115
2022	725,654	-	725,654
2023	751,052	-	751,052
Thereafter	4,017,658	-	4,017,658
Total	<u>\$ 7,523,056</u>	<u>\$ 31,240</u>	<u>\$ 7,554,296</u>

WLC has entered into an agreement with a hotel relating to the annual awards luncheon. The agreement includes a cancellation penalty and obligates WLC to spend certain minimums on food and beverage.

Note 9. **Retirement Plans** - WLC maintains two retirement plans for its employees, including a 401(k) retirement plan and a 403(b) retirement plan. Employees are eligible to participate in the 401(k) plan after completing one year of service. Eligibility for the Section 403(b) plan is at the time of employment and allows for employee deferrals. The Organization provides for a discretionary contribution based of each participant's compensation. For the years ending December 31, 2018 and 2017, contributions to the plan were \$60,111 and \$69,500, respectively.

WLC maintained an inactive nonqualified Section 457 deferred compensation plan for the benefit of the remaining participants. This plan was terminated during 2017.

Note 10. **Donated Services** - For the years ended December 31, 2018 and 2017, WLC received \$26,392,255 and \$28,605,978, respectively, of in-kind contributions that consisted of legal and consulting services. Donated services are recorded at the amount reported by the contributing organization and are typically based on that organization's standard hourly billing rates.



**WASHINGTON LAWYERS' COMMITTEE FOR  
CIVIL RIGHTS AND URBAN AFFAIRS, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018 AND 2017**

Note 11. **Net Assets with Donor Restrictions** - Net assets with donor restrictions were for the following purposes as of December 31:

	<u>2018</u>	<u>2017</u>
Subject to expenditure for specific purpose:		
Housing justice project	\$ 200,000	\$ 60,000
Employment justice and workers rights	180,000	228,750
Pro bono breakfast	108,058	107,370
Prisoners' project	80,000	-
Criminal justice reform and general civil rights advocacy	28,118	20,154
Advocacy for the blind	25,000	30,000
PEP Fund	18,040	20,000
Skadden Fellow	10,296	-
Immigration civil rights project	9,221	-
Equal Justice Works Fellow	8,333	-
Education project	2,000	-
Parent engagement and academic enrichment	-	99,583
Civil legal assistance	-	80,000
Subtotal	<u>\$ 669,066</u>	<u>\$ 645,857</u>
Subject to passage of time:		
Time restrictions	<u>78,750</u>	<u>-</u>
Total	<u><u>\$ 747,816</u></u>	<u><u>\$ 645,857</u></u>

Note 12. **Concentration of Credit Risk** - Financial instruments which potentially subject WLC to concentrations of credit risk include cash deposits with investment advisors, as well as deposits with financial institutions which, at times during the year, may exceed the limit of insurance coverage by the Federal Deposit Insurance Corporation. Management believes the risk to be minimal. At December 31, 2018, WLC's uninsured cash balance was \$133,809.

Note 13. **Business Combination** - On April 24, 2017, WLC acquired the assets and liabilities of The District of Columbia Employment Justice Center (Acquiree) due to the ongoing poor financial strength of the acquiree. The board of directors of WLC retained control during and after the acquisition process. Both WLC and The District of Columbia Employment Justice Center share a common mission to protect and promote equal rights and protect the civil rights of District of Columbia residents.

**WASHINGTON LAWYERS' COMMITTEE FOR  
CIVIL RIGHTS AND URBAN AFFAIRS, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018 AND 2017**

Note 14. **Reclassifications** - Certain amounts from the prior year have been reclassified to conform to the current year presentation.

Note 15. **Subsequent Events** - In preparation of these financial statements, WLC has evaluated events and transactions for potential recognition or disclosure through September 25, 2019, which is the date the financial statements were available to be issued.

## **SUPPLEMENTARY INFORMATION**

**WASHINGTON LAWYERS' COMMITTEE FOR  
CIVIL RIGHTS AND URBAN AFFAIRS, INC.**

**SCHEDULES OF ACTIVITIES  
(WITHOUT DONATED SERVICES)**

	2018		2017	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions
<b>SUPPORT, REVENUES AND GAINS:</b>				
Grants and contributions	\$ 1,978,319	\$ 927,190	\$ 2,905,509	\$ 1,101,455
Legal fees and court awards	1,429,917	-	1,429,917	-
Annual events	1,122,861	-	1,122,861	-
Less, direct benefits to donors	(169,691)	-	(169,691)	-
Fellowship subsidies	140,195	18,629	158,824	95,989
Rental income	29,076	-	29,076	173,393
Interest income	4,695	8,552	13,247	1,131
Net assets released from restrictions	852,412	(852,412)	-	394
Excess of assets acquired over liabilities assumed of the Employment Justice Center	-	-	-	(1,048,794)
<b>TOTAL SUPPORT, REVENUES AND GAINS</b>	<u>\$ 5,387,784</u>	<u>\$ 101,959</u>	<u>\$ 5,489,743</u>	<u>\$ (15,199)</u>
			<u>35,392</u>	<u>\$ 4,776,551</u>
<b>EXPENSES:</b>				
Program service	\$ 2,969,355	\$ -	\$ 2,969,355	\$ -
Supporting services:				
Management and general	632,288	-	632,288	734,501
Fundraising	563,889	-	563,889	-
<b>TOTAL EXPENSES</b>	<u>\$ 4,165,532</u>	<u>\$ -</u>	<u>\$ 4,165,532</u>	<u>\$ -</u>
<b>CHANGES IN NET ASSETS</b>	<u>\$ 1,222,252</u>	<u>\$ 101,959</u>	<u>\$ 1,324,211</u>	<u>\$ (15,199)</u>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>2,361,197</u>	<u>645,857</u>	<u>3,007,054</u>	<u>661,056</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 3,583,449</u>	<u>\$ 747,816</u>	<u>\$ 4,331,265</u>	<u>\$ 645,857</u>
			<u>2,361,197</u>	<u>\$ 3,007,054</u>