

**FINANCIAL STATEMENTS**

**D.C. VOLUNTEER  
LAWYERS PROJECT**

**FOR THE YEAR ENDED DECEMBER 31, 2015**

# D.C. VOLUNTEER LAWYERS PROJECT

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# GELMAN, ROSENBERG

## & FREEDMAN

CERTIFIED PUBLIC ACCOUNTANTS



### INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
D.C. Volunteer Lawyers Project  
Washington, D.C.

We have audited the accompanying financial statements of the D.C. Volunteer Lawyers Project (DCVLP), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities and change in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

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

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

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 DCVLP as of December 31, 2015, and the change in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

March 18, 2016

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## D.C. VOLUNTEER LAWYERS PROJECT

STATEMENT OF FINANCIAL POSITION  
AS OF DECEMBER 31, 2015

## ASSETS

## CURRENT ASSETS

Cash and cash equivalents	\$ 735,971
Grants receivable, current portion	109,125
Prepaid expenses	<u>22,078</u>
Total current assets	<u>867,174</u>

## FIXED ASSETS

Website	9,750
Less: Accumulated depreciation.	<u>(3,250)</u>
Total fixed assets	<u>6,500</u>

## OTHER ASSETS

Grants receivable, net of current portion	<u>20,003</u>
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**TOTAL ASSETS** \$ 893,677

## LIABILITIES AND NET ASSETS

## CURRENT LIABILITIES

Accounts payable and accrued liabilities	\$ 21,849
Accrued salaries and related benefits	<u>16,367</u>
Total current liabilities	<u>38,216</u>

## NET ASSETS

Unrestricted	695,861
Temporarily restricted	<u>159,600</u>
Total net assets	<u>855,461</u>

**TOTAL LIABILITIES AND NET ASSETS** \$ 893,677

## D.C. VOLUNTEER LAWYERS PROJECT

STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>REVENUE</b>			
Contributions	\$ 487,322	\$ 11,100	\$ 498,422
Foundation grants	262,478	148,500	410,978
Government grants	366,806	-	366,806
Combined Federal Campaign - National Capital Area	2,850	-	2,850
Contributed services and materials	3,624,698	-	3,624,698
Interest income	855	-	855
Other revenue	695	-	695
Net assets released from donor restrictions	<u>210,175</u>	<u>(210,175)</u>	<u>-</u>
Total revenue	<u>4,955,879</u>	<u>(50,575)</u>	<u>4,905,304</u>
<b>EXPENSES</b>			
Program Services	<u>4,435,488</u>	<u>-</u>	<u>4,435,488</u>
Supporting Services:			
Management and General	223,947	-	223,947
Fundraising	<u>178,738</u>	<u>-</u>	<u>178,738</u>
Total supporting services	<u>402,685</u>	<u>-</u>	<u>402,685</u>
Total expenses	<u>4,838,173</u>	<u>-</u>	<u>4,838,173</u>
Change in net assets	117,706	(50,575)	67,131
Net assets at beginning of year, as restated	<u>578,155</u>	<u>210,175</u>	<u>788,330</u>
<b>NET ASSETS AT END OF YEAR</b>	<b><u>\$ 695,861</u></b>	<b><u>\$ 159,600</u></b>	<b><u>\$ 855,461</u></b>

**D.C. VOLUNTEER LAWYERS PROJECT**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Supporting Services</u>			<u>Total Supporting Services</u>	<u>Total Expenses</u>
	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>		
Salaries and related expenses	\$ 567,587	\$ 163,391	\$ 114,763	\$ 278,154	\$ 845,741
Contributed services and materials	3,624,698	-	40	40	3,624,738
Facilities and equipment expenses	81,694	21,325	16,276	37,601	119,295
Other expenses	4,181	1,855	877	2,732	6,913
Professional fees	49,529	13,261	25,324	38,585	88,114
Administrative expenses	33,464	18,271	21,402	39,673	73,137
Direct program expense	61,165	-	-	-	61,165
Insurance	10,445	4,473	-	4,473	14,918
Travel and meetings	2,725	1,371	56	1,427	4,152
<b>TOTAL</b>	<b><u>\$4,435,488</u></b>	<b><u>\$ 223,947</u></b>	<b><u>\$ 178,738</u></b>	<b><u>\$ 402,685</u></b>	<b><u>\$4,838,173</u></b>

**D.C. VOLUNTEER LAWYERS PROJECT**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in net assets	\$ 67,131
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	3,250
Decrease (increase) in:	
Grants receivable	21,683
Prepaid expenses	(9,286)
(Decrease) increase in:	
Accounts payable and accrued liabilities	(4,967)
Accrued salaries and related benefits	<u>(26,955)</u>
Net cash provided by operating activities	<u>50,856</u>
Net increase in cash and cash equivalents	50,856
Cash and cash equivalents at beginning of year	<u>685,115</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u>\$ 735,971</u></b>

**SCHEDULE OF NONCASH INVESTING AND FINANCING TRANSACTIONS**

<b>Donated Securities</b>	<b><u>\$ 4,965</u></b>
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## D.C. VOLUNTEER LAWYERS PROJECT

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

##### Organization -

The D.C. Volunteer Lawyers Project (DCVLP) is a non-profit organization whose mission is to provide high-quality, free legal services to low-income individuals in the District of Columbia for family law cases. Founded in 2008, DCVLP's primary mission is to increase the number of experienced, trained attorneys providing pro-bono representation to indigent clients in the area of family law. DCVLP provides the necessary resources, such as, office space, malpractice insurance, training programs, and active mentoring & supervision to volunteer attorneys. The attorneys of the organization provide pro-bono legal representation to individuals such as; survivors of domestic violence, children in high-conflict custody cases, and foster parents in adoption matters. DCVLP receives funding from individuals, corporations and government grants.

##### Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with FASB ASC 958, *Not-for-Profit Entities*.

##### Cash and cash equivalents -

DCVLP considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

Bank deposit accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000. At times during the year, DCVLP maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

##### Grants receivable -

Grants receivable approximate fair value. Management considers all amounts to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established.

##### Fixed assets -

Fixed assets in excess of \$5,000 are capitalized and stated at cost. Fixed assets are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three to five years. The cost of maintenance and repairs is recorded as expenses are incurred. Depreciation and amortization expense for the year ended December 31, 2015 totaled \$3,250.

##### Income taxes -

DCVLP is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements. DCVLP is not a private foundation.

##### Uncertain tax positions -

For the year ended December 31, 2015, DCVLP has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements.



## D.C. VOLUNTEER LAWYERS PROJECT

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

##### Net asset classification -

The net assets are reported in two self-balancing groups as follows:

- **Unrestricted net assets** include unrestricted revenue and contributions received without donor-imposed restrictions. These net assets are available for the operation of DCVLP and include both internally designated and undesignated resources.
- **Temporarily restricted net assets** include revenue and contributions subject to donor-imposed stipulations that will be met by the actions of DCVLP and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities and Change in Net Assets as net assets released from restrictions.

##### Contributions and grants -

Unrestricted and temporarily restricted contributions and grants are recorded as revenue in the year notification is received from the donor. Temporarily restricted contributions and grants are recognized as unrestricted support only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions. Such funds in excess of expenses incurred are shown as temporarily restricted net assets in the accompanying financial statements.

DCVLP receives funding under grants and contracts from the U.S. Government and other grantors for direct and indirect program costs. This funding is subject to contractual restrictions, which must be met through incurring qualifying expenses for particular programs. Accordingly, such grants are considered exchange transactions and are recorded as unrestricted income to the extent that related expenses are incurred in compliance with the criteria stipulated in the grant agreements.

Grants and support receivable represents amounts due from funding organizations for reimbursable expenses incurred in accordance with the grant agreements.

##### Contributed services and materials -

Contributed services and materials consist of legal representation provided by volunteer attorneys to the clients of the organization and accounting services. Contributed services and materials are recorded at their fair market value as of the date of the gift.

##### Use of estimates -

The preparation of the 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 at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

##### Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities and Change in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**D.C. VOLUNTEER LAWYERS PROJECT**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**2. GRANTS RECEIVABLE**

As of December 31, 2015, contributors to DCVLP have made written promises to give totaling \$129,128.

Grants are due as follows at December 31, 2015:

Less than one year	\$ 109,125
One to five years	<u>20,003</u>
<b>TOTAL GRANTS RECEIVABLE</b>	<b><u>\$ 129,128</u></b>

**3. TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets consisted of the following at December 31, 2015:

Domestic Violence	\$ 123,500
Child Advocacy Practice	<u>36,100</u>
<b>TOTAL TEMPORARILY RESTRICTED NET ASSETS</b>	<b><u>\$ 159,600</u></b>

The following temporarily restricted net assets were released from donor restrictions by incurring expenses (or through the passage of time) which satisfied the restricted purposes specified by the donors:

Domestic Violence	\$ 80,000
Child Advocacy Practice	63,500
Foundation and Trust Grants	<u>66,675</u>
<b>TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS</b>	<b><u>\$ 210,175</u></b>

**4. CONTRIBUTED SERVICES AND MATERIALS**

During the year ended December 31, 2015, DCVLP was the beneficiary of professional services which allowed DCVLP to provide greater resources toward various programs.

To properly reflect total program expenses, the following donations have been included in revenue and expense for the year ended December 31, 2015.

<b>Pro-Bono Legal Services</b>	<b><u>\$ 3,624,698</u></b>
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**5. LEASE COMMITMENTS**

DCVLP leases office space under a one-year agreement, renewable at the end of each year, which began in February 2013 and extended through July 2014. Base rent was \$5,500 per month.

In August 2014, DCVLP entered into a second amendment, which extended the lease to July 31, 2016, with base rent at \$9,000 per month, plus a proportionate share of expenses, increasing by a factor of 4% on the first day of August 2016.

**D.C. VOLUNTEER LAWYERS PROJECT**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**5. LEASE COMMITMENTS (Continued)**

The following is a schedule of the future minimum lease payments:

<b>Year Ending December 31, 2016</b>	<b>\$ <u>63,000</u></b>
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Rent expense for the year ended December 31, 2015 was \$119,295.

**6. SUBSEQUENT EVENTS**

In preparing these financial statements, DCVLP has evaluated events and transactions for potential recognition or disclosure through March 18, 2016, the date the financial statements were issued.