

LAWYERS WITHOUT BORDERS, INC.

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

LAWYERS WITHOUT BORDERS, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Lawyers Without Borders, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Lawyers Without Borders, Inc. (a nonprofit Connecticut organization) (the "Organization") which comprise the statement of financial position as of December 31, 2023, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Lawyers Without Borders, Inc. as of December 31, 2023, and the changes 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.

Prior Period Financial Statements

The financial statements as of and for the year ended December 31, 2022, were audited by Federman, Lally & Remis, LLC whose practice was combined with Marcum LLP as of January 1, 2024, and whose report dated June 21, 2023, expressed an unmodified opinion on those statements.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 these 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 Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 GAAS and *Government 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 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 GAAS and *Government 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 Organization'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 Organization'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is 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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 24, 2024 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Marcum LLP

Farmington, CT
July 24, 2024

LAWYERS WITHOUT BORDERS, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2023 AND 2022

	2023	2022
Assets		
Current Assets		
Cash	\$ 1,149,948	\$ 1,036,988
Grants and contributions receivable, net	411,095	542,042
Prepaid expenses and other current assets	<u>23,988</u>	<u>37,147</u>
Total Current Assets	<u>1,585,031</u>	<u>1,616,177</u>
Furniture and Equipment, Net	<u>3,956</u>	<u>13,186</u>
Other Assets		
Due from affiliate	9,744	9,514
Security deposits	<u>3,750</u>	<u>3,750</u>
Total Other Assets	<u>13,494</u>	<u>13,264</u>
Total Assets	<u>\$ 1,602,481</u>	<u>\$ 1,642,627</u>
Liabilities and Net Assets		
Current Liabilities		
Accrued expenses	\$ 114,864	\$ 76,467
Current portion of financing lease liability	<u>5,663</u>	<u>9,297</u>
Total Current Liabilities	<u>120,527</u>	<u>85,764</u>
Long-Term Liabilities		
Financing lease liability, net of current portion	<u>--</u>	<u>5,663</u>
Total Long-Term Liabilities	<u>--</u>	<u>5,663</u>
Total Liabilities	<u>120,527</u>	<u>91,427</u>
Net Assets		
Without donor restrictions	926,097	906,584
With donor restrictions	<u>555,857</u>	<u>644,616</u>
Total Net Assets	<u>1,481,954</u>	<u>1,551,200</u>
Total Liabilities and Net Assets	<u>\$ 1,602,481</u>	<u>\$ 1,642,627</u>

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

LAWYERS WITHOUT BORDERS, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support						
In-kind contributions	\$ 2,261,671	\$ --	\$ 2,261,671	\$ 1,307,572	\$ --	\$ 1,307,572
Grants	1,160,901	--	1,160,901	779,466	--	779,466
Non-federal funded grant income	36,000	--	36,000	--	--	--
Contributions	406,305	227,995	634,300	480,020	637,765	1,117,785
Other income (expense)	63	--	63	(380)	--	(380)
Total revenues and support	3,864,940	227,995	4,092,935	2,566,678	637,765	3,204,443
Net assets released from restriction, satisfaction of time restrictions	316,754	(316,754)	--	197,250	(197,250)	--
Total Operating Revenues	4,181,694	(88,759)	4,092,935	2,763,928	440,515	3,204,443
Expenses						
Program expenses	(3,259,949)	--	(3,259,949)	(1,948,083)	--	(1,948,083)
Fundraising expenses	(46,302)	--	(46,302)	(1,872)	--	(1,872)
Management and general expenses	(855,487)	--	(855,487)	(840,369)	--	(840,369)
Total expenses	(4,161,738)	--	(4,161,738)	(2,790,324)	--	(2,790,324)
Change in Net Assets Before Non-Operating Activities	19,956	(88,759)	(68,803)	(26,396)	440,515	414,119
Non-Operating Activities						
Interest expense	(591)	--	(591)	(1,087)	--	(1,087)
Interest income	182	--	182	72	--	72
Foreign exchange loss	(34)	--	(34)	(2,597)	--	(2,597)
Paycheck Protection Program loan forgiveness	--	--	--	176,197	--	176,197
Employee retention credit income	--	--	--	167,578	--	167,578
Total non-operating activities	(443)	--	(443)	340,163	--	340,163
Change in Net Assets	19,513	(88,759)	(69,246)	313,767	440,515	754,282
Net Assets - Beginning of year	906,584	644,616	1,551,200	592,817	204,101	796,918
Net Assets - End of year	\$ 926,097	\$ 555,857	\$ 1,481,954	\$ 906,584	\$ 644,616	\$ 1,551,200

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

LAWYERS WITHOUT BORDERS, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2023

	Program									
	Federal					Non-Grant Programs	Total Program	Fundraising	Management and General	Total
	T-Tip	Atlas	RMI	EPIC	ALCOP					
Salaries	\$ 133,703	\$ 61,367	\$ 15,244	\$ 135,637	\$ 54,369	\$ 231,089	\$ 631,409	\$ 37,773	\$ 278,430	\$ 947,612
Travel	12,149	--	--	83,587	--	86,465	182,201	--	5,524	187,725
Miscellaneous	295	4,656	--	--	--	8,722	13,673	--	56,183	69,856
Supplies and training materials	3,089	--	--	3,766	--	2,137	8,992	--	502	9,494
Outside services	68,585	--	29,700	215,437	--	39,749	353,471	--	5,086	358,557
Employee benefit and payroll taxes	13,019	5,951	1,488	13,335	--	28,124	61,917	3,794	28,997	94,708
Rent and leased equipment	1,608	738	183	1,632	654	2,780	7,595	--	3,805	11,400
Printing and copying	2,103	1,297	240	2,136	855	3,634	10,265	--	4,972	15,237
Project expense	--	28,512	--	27,865	--	--	56,377	--	--	56,377
Postage and shipping	107	106	12	256	44	360	885	--	254	1,139
Professional fees	--	--	--	2,774	--	--	2,774	4,735	110,646	118,155
Depreciation	1,302	598	148	1,321	530	2,251	6,150	--	3,080	9,230
Insurance	--	--	--	--	--	--	--	--	6,095	6,095
Website hosting	742	340	85	752	302	1,282	3,503	--	1,754	5,257
Bank fees	609	--	--	2,098	--	522	3,229	--	4,773	8,002
Property taxes	--	--	--	--	--	--	--	--	1,219	1,219
	<u>237,311</u>	<u>103,565</u>	<u>47,100</u>	<u>490,596</u>	<u>56,754</u>	<u>407,115</u>	<u>1,342,441</u>	<u>46,302</u>	<u>511,320</u>	<u>1,900,063</u>
In-kind legal services	472,976	488,657	--	302,469	--	653,406	1,917,508	--	297,127	2,214,635
In-kind rental expense	--	--	--	--	--	--	--	--	47,040	47,040
Total expenses	<u>\$ 710,287</u>	<u>\$ 592,222</u>	<u>\$ 47,100</u>	<u>\$ 793,065</u>	<u>\$ 56,754</u>	<u>\$ 1,060,521</u>	<u>\$ 3,259,949</u>	<u>\$ 46,302</u>	<u>\$ 855,487</u>	<u>\$ 4,161,738</u>

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

LAWYERS WITHOUT BORDERS, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2022

	Program					Non-Grant Programs	Total Program	Fundraising	Management and General	Total
	Federal		Gulf Human							
	Tanzania Tip-Tan	Atlas	Trafficking	EPIC	ALCOP					
Salaries	\$ 26,639	\$ 218,741	\$ 18,882	\$ 83,174	\$ 12,673	\$ 117,835	\$ 477,944	\$ 727	\$ 300,569	\$ 779,240
Travel	18,793	--	--	5,748	--	31,647	56,188	274	17,222	73,684
Miscellaneous	3,362	52	--	30	--	3,501	6,945	800	28,453	36,198
Supplies and training materials	39,051	--	--	--	--	10,277	49,328	--	1,247	50,575
Outside services	10,876	9,011	8,285	42,063	--	78,574	148,809	--	10,535	159,344
Employee benefit and payroll taxes	2,967	21,305	1,780	7,994	--	13,178	47,224	71	29,424	76,719
Rent and leased equipment	782	6,419	554	2,441	372	3,458	14,026	--	8,841	22,867
Printing and copying	486	4,349	340	1,532	223	2,068	8,998	--	5,287	14,285
Project expense	--	61,005	--	3,024	--	--	64,029	--	--	64,029
Postage and shipping	15	287	6	26	4	224	562	--	97	659
Professional fees	--	5,407	--	965	--	--	6,372	--	139,656	146,028
Depreciation	331	2,715	234	1,032	157	1,462	5,931	--	3,740	9,671
Insurance	--	--	--	--	--	--	--	--	6,042	6,042
Website hosting	262	2,156	186	820	125	1,162	4,711	--	2,970	7,681
Bank fees	540	8	30	297	--	22	897	--	2,028	2,925
Property taxes	--	--	--	--	--	--	--	--	1,489	1,489
	104,104	331,455	30,297	149,146	13,554	263,408	891,964	1,872	557,600	1,451,436
In-kind legal services	--	474,759	11,745	173,352	--	396,263	1,056,119	--	235,600	1,291,719
In-kind rental expense	--	--	--	--	--	--	--	--	47,169	47,169
Total expenses	<u>\$ 104,104</u>	<u>\$ 806,214</u>	<u>\$ 42,042</u>	<u>\$ 322,498</u>	<u>\$ 13,554</u>	<u>\$ 659,671</u>	<u>\$ 1,948,083</u>	<u>\$ 1,872</u>	<u>\$ 840,369</u>	<u>\$ 2,790,324</u>

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

LAWYERS WITHOUT BORDERS, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
Cash Flows from Operating Activities		
(Decrease) increase in net assets	\$ (69,246)	\$ 754,282
Adjustments to reconcile (decrease) increase in net assets to net cash provided by operating activities:		
Depreciation expense	9,230	9,671
Paycheck Protection Program loan forgiveness	--	(176,197)
Changes in operating assets and liabilities:		
Grants and contributions receivable, net	130,947	(50,696)
Deferred rent receivable	--	31,317
Prepaid expenses and other current assets	13,159	(12,176)
Due from affiliate	(230)	(4)
Accrued expenses	38,397	3,075
Net Cash Provided by Operating Activities	<u>122,257</u>	<u>559,272</u>
Cash Flows from Financing Activities		
Repayments of financing lease payable	<u>(9,297)</u>	<u>(8,801)</u>
Net Cash Used in Financing Activities	<u>(9,297)</u>	<u>(8,801)</u>
Net Increase in Cash	112,960	550,471
Cash - Beginning of year	<u>1,036,988</u>	<u>486,517</u>
Cash - End of year	<u>\$ 1,149,948</u>	<u>\$ 1,036,988</u>
Supplementary Disclosures of Cash Flow Information		
Operating activities reflect:		
Interest paid	<u>\$ 591</u>	<u>\$ 1,087</u>
Non-cash investing and financing activities:		
Paycheck Protection Program loan forgiveness	<u>\$ --</u>	<u>\$ 176,197</u>

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

LAWYERS WITHOUT BORDERS, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 1 - NATURE OF ACTIVITIES

NATURE OF ACTIVITIES

Lawyers Without Borders, Inc. (the "Organization") was organized in Connecticut in March 2000 as a nonprofit organization for the purpose of providing legal support to Rule of Law projects and initiatives in the human rights and nation building sectors at low or significant discounted costs around the globe. Lawyers Without Borders, Inc. has offices in Connecticut and Washington, D.C.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP") as applicable to not-for-profit organizations.

FINANCIAL STATEMENT PRESENTATION

The Organization reports information regarding its financial position and activities according to two classes of net assets: without donor restriction and with donor restriction. They are described as follows:

Without Donor Restrictions - Net assets that are not subject to explicit donor-imposed stipulations. Net assets without donor restriction may be designated for specific purposes by action of the Board of Directors. At December 31, 2023 and 2022, the Organization had net assets without donor restriction of \$926,097 and \$906,584, respectively.

With Donor Restrictions - Net assets whose use by the Organization is subject to either explicit donor-imposed stipulations or by operation of law that can be fulfilled by actions of the Organization or that expire by the passage of time. At December 31, 2023 and 2022, the organization had net assets with donor restriction of \$555,857 and \$644,616, respectively. The Organization does not have any net assets that carry permanent donor restrictions or endowment funds.

INCOME TAX STATUS

The Organization was organized as a nonprofit organization as described under Section 501(c)(3) of the Internal Revenue Code and, as such, is not subject to federal and state income taxes. Therefore, no tax provision is reflected in the accompanying financial statements.

LAWYERS WITHOUT BORDERS, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INCOME TAX STATUS (CONTINUED)

Under ASC 740, "Income Taxes", an organization must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more likely than not that the position will not be sustained upon examination by a taxing authority. The Organization does not believe it has taken any uncertain tax positions and, accordingly has not recorded any unrecognized tax benefits at December 31, 2023 and 2022. The Organization's federal information returns prior to calendar year 2020 are closed and management continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings.

If the Organization had unrelated business income taxes, it would recognize interest and penalties associated with any tax matters as part of the income tax provision and include interest and penalties with the related tax liability in the statements of financial position. For the years ended December 31, 2023 and 2022, there were no interest or penalties recorded or included in the statements of activities and changes in net assets.

CASH

For purposes of the statements of cash flows, the Organization considers all temporary cash investments with a maturity of three months or less to be cash equivalents.

REVENUE RECOGNITION

Contributions received are recorded as with donor restriction or without donor restriction depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restriction if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restriction. When a restriction expires, (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statements of activities as net assets released from restrictions.

Grants awarded by federal agencies or passed through to the Organization from another donor that received funding from the U.S. federal government are generally considered nonreciprocal transactions as typically, grant agreements contain a right of return or right of release from the respective obligation provision on the part of the grantor, and the Organization has limited discretion over how funds transferred should be spent. As such, the Organization recognizes revenue for these conditional contributions when the related barrier to entitlement has been overcome.

LAWYERS WITHOUT BORDERS, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

REVENUE RECOGNITION (CONTINUED)

The Organization's outstanding conditional contributions at December 31, 2023 totaled \$2,696,043, of which approximately \$1,620,008 is expected to be collected within the next year. Outstanding conditional contributions at December 31, 2022 totaled \$831,722, all of which was collected within one year. These amounts relate primarily to grants from governmental entities, which will be recognized as qualifying expenses are incurred and recognized as revenue as conditions are met.

CONTRIBUTED SERVICES AND FACILITIES

The Organization recognizes donated services if they create or enhance nonfinancial assets or require specialized skills and would typically be purchased if not provided by donation. General volunteer services do not meet these criteria for recognition in the financial statements. However, a substantial number of volunteers have donated significant amounts of time to the Organization's programs. During the years ended December 31, 2023 and 2022, the number of contributed hours of service by stipend attorneys and other professionals was approximately 5,000 and 3,000 hours, respectively.

Contributed services and donated facilities are reflected at their fair value at date of donation (See Note 7).

GRANTS AND CONTRIBUTIONS RECEIVABLE, NET

Contributions receivable represent unconditional promises to give and are recognized at fair value in the period such promises are made by donors. Contributions are discounted at a risk-adjusted rate commensurate with the duration of the donor's expected payments. Amortization of the discounts is recorded as contribution revenue. Management assesses the collectibility of contributions receivable and records an allowance, if necessary. Management has determined that no allowance is necessary at December 31, 2023 and 2022. See Note 8. Grants receivable represent expenses incurred in advance of receipt of funds. Grants receivable are generally due and collectible within one year.

FURNITURE AND EQUIPMENT

Furniture and equipment are stated at cost less accumulated depreciation. The Organization capitalizes all expenditures for furniture and equipment in excess of \$1,000. Donated furniture and equipment are recorded at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the assets' estimated lives.

LAWYERS WITHOUT BORDERS, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FURNITURE AND EQUIPMENT (CONTINUED)

Estimated lives for financial reporting purposes are as follows:

<u>Assets</u>	<u>Estimated Lives</u>
Furniture and equipment	5 - 7 years

Expenditures for repairs and maintenance are charged to expense as incurred. For assets sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in changes in net assets for the period.

The Organization reviews the carrying value of furniture and equipment for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. The factors considered by management in performing this assessment include current operating results, trends, and prospects, as well as the effects of obsolescence, demand, competition, and other economic factors. No impairment losses were recognized for the years ended December 31, 2023 and 2022.

DONATIONS OF FURNITURE AND EQUIPMENT

The Organization reports donations of furniture and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Donations of furniture and equipment with explicit restrictions that specify how the assets are to be used and donations of cash or other assets that must be used to acquire furniture and equipment are reported as restricted support. Absent explicit donor stipulations about how those assets must be maintained, the Organization reports expirations of donor restrictions when the assets are placed in service. No donations of furniture and equipment were made for the years ended December 31, 2023 and 2022.

EXPENSES BY FUNCTION

The Organization allocates expenses between functional categories on a specific identification basis when practical and on a percentage of program time and effort for payroll costs to total time and effort for payroll costs allocation basis where specific identification is not practical.

LAWYERS WITHOUT BORDERS, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

LEASES

The Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-02 - *Leases (Topic 842)*, effective January 1, 2022. It is determined at inception if a contract is a lease. A contract contains a lease if it conveys the right to control the use of identified property, plant, or equipment (an identified asset) for a period of time in exchange for consideration. Amounts associated with operating leases would be recorded as right of use assets, net, and current portion of operating lease liabilities and operating lease liabilities, net of current portion in the accompanying Statements of Financial Position. Assets associated with finance leases are included in furniture and equipment, net, while their associated liabilities are included in current portion of financing lease liability and financing lease liability, net of current portion in the accompanying statements of financial position.

Right of use assets represent the Organization's right to use an underlying asset for the lease term and operating lease liabilities represent the Organization's obligation to make lease payments arising from the lease. Right of use assets and liabilities are recognized at the lease commencement date based on the estimated present value of lease payments over the lease term.

If the lease does not provide an implicit rate, an incremental borrowing rate based on the information available at the lease commencement date is used in determining the present value of lease payments. The incremental borrowing rate for operating leases that commenced in the period is determined by using the prior year end's incremental borrowing rates.

The Organization has elected not to recognize a right of use asset and operating lease liability for leases with an initial term of twelve months or less as well as any lease covering immaterial assets. Lease expense is recognized for these leases on a straight-line basis over the lease term. Variable lease payments that are dependent on usage, output, or may vary for other reasons, are excluded from lease payments in the measurement of the right of use asset and operating lease liability, and accordingly are recognized as lease expense in the period the obligation for those payments is incurred. For lease agreements entered into or reassessed after the adoption of Topic 842, lease and non-lease components are combined.

Certain leases may include renewal and/or termination options, with renewal terms that can extend the lease term from 1 to 2 years, and the exercise of lease renewal options under these leases is at the Organization's sole discretion. These options are included in the lease term used to determine right of use assets and corresponding liabilities when it is reasonably certain the Organization will exercise the option. The depreciable life of assets and leasehold improvements are limited by the expected lease term. The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

LAWYERS WITHOUT BORDERS, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

USE OF ESTIMATES

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount 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 reported period. Actual results could differ from these estimates.

CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and receivables. The Organization maintains its cash with high-credit quality financial institutions. The Organization has not experienced any losses in such accounts.

Receivables are reviewed by management for collectability based on past history and current economic conditions. Management deems all receivables to be collectable.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The Organization's financial instruments are cash, accounts receivable, accounts payable, accrued expenses and financing lease liability. The recorded values of cash, accounts receivable and accounts payable approximate their fair values based on their short-term nature. The financing lease liability approximates its fair value as interest approximates market rates (See Note 4).

NEWLY ADOPTED ACCOUNTING PRONOUNCEMENTS

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. The standard requires the measurement and recognition of expected credit losses for financial assets held at amortized cost and adds an impairment model that is based on expected losses rather than incurred losses. In April 2019, the FASB issued ASU No. 2019-04, *Codification Improvements to Topic 326, Financial Instruments - Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments*, to clarify and address certain items related to the amendments of ASU No. 2016-13. The amendments are effective for fiscal years beginning after December 15, 2022. Early adoption is permitted. The Organization has adopted this standard effective January 1, 2023. The standard had no impact on the Organization's financial statements.

LAWYERS WITHOUT BORDERS, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

SUBSEQUENT EVENTS

The Organization has evaluated events and transactions for potential recognition or disclosure through July 24, 2024, which is the date the financial statements were available to be released.

NOTE 3 - FURNITURE AND EQUIPMENT

Furniture and equipment at December 31, 2023 and 2022 consisted of the following:

	2023	2022
Furniture and equipment	\$ 125,092	\$ 125,092
Less: accumulated depreciation	<u>121,136</u>	<u>111,906</u>
Furniture and equipment, net	<u>\$ 3,956</u>	<u>\$ 13,186</u>

Included in furniture and equipment is \$45,000 of equipment under financing lease (Note 4.) Depreciation expense for years ended December 31, 2023 and 2022 was \$9,230 and \$9,671, respectively.

NOTE 4 - LEASES

OPERATING LEASE

The Organization has a lease agreement for office space, which commenced January 1, 2013 and expired on March 31, 2018. The lease was amended and extended for five one-year terms expired on April 30, 2023. Monthly rent was \$4,180 for the lease period April 1, 2020 to March 31, 2021. The extension for the lease period April 1, 2021 to March 31, 2022 reduced the amount of office space and the monthly rent to \$2,917. During April 2022, while the Organization negotiated new terms to further reduce the office space, the rent was \$2,917. A fifth amendment was entered into for a lease period of May 1, 2022 to April 30, 2023 with a reduced rent of \$1,400 per month. Beginning in April 2023 when the Organization was negotiating the terms of the extension, rent of \$800 was paid and will continue to be paid on a month-to-month basis. Because the Organization's office lease has term of 12 months or less, no right of use asset or lease liability was recognized in 2023 and 2022.

LAWYERS WITHOUT BORDERS, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 4 - LEASES (CONTINUED)

OPERATING LEASE (CONTINUED)

The Organization is responsible for utilities and insurance. Total rent expense amounted to \$11,400 and \$22,867 for the years ended December 31, 2023 and 2022, respectively, and is allocated to program and management and general expenses on the accompanying statements of activities and changes in net assets.

FINANCING LEASE

During the year ended December 31, 2019, the Organization entered into a lease for office equipment valued at \$45,000. The asset and liability under the financing lease have been recorded at the present value of the minimum lease payments. The lease calls for monthly payments of \$824 including principal and interest at 5.5% through July 2024. At December 31, 2023, the remaining principal balance of \$5,663 is recorded as the current portion of financing lease liability on the accompanying statements of financial position. At December 31, 2022, the remaining principal balance of \$14,960 is recorded as financing lease liability, net of \$9,297 payable in 2023, which is included in the current portion of financing lease liability on the accompanying statements of financial position. The financing lease asset has been recorded in the furniture and equipment account at \$45,000 at December 31, 2023 and 2022 and is being depreciated over its estimated productive life of five years. Depreciation expense for this financing lease was \$9,000 for the years ended December 31, 2023 and 2022 and accumulated depreciation totaled \$41,250 and \$32,250 as of December 31, 2023 and 2022, respectively.

As discussed in Note 2, the Organization has elected the package of practical expedients permitted in ASC Topic 842 and therefore, has accounted for its existing capital lease as a financing lease under the new guidance. As a result of the adoption of the new lease accounting guidance, the Organization recognized on January 1, 2022 a financing lease liability at the carrying amount of the capital lease obligation on December 31, 2021 of \$23,761 and a right-of-use asset at the carrying amount of the capital lease asset at December 31, 2021 of \$21,750.

The following is a schedule of the future minimum lease payments, amounts representing interest and future maturities of long-term capital lease payable at December 31, 2023:

Year Ending December 31,	Future Minimum Lease Payments	Interest	Annual Maturities
2024	<u>\$ 5,768</u>	<u>\$ 105</u>	<u>\$ 5,663</u>
	<u>\$ 5,768</u>	<u>\$ 105</u>	<u>\$ 5,663</u>

LAWYERS WITHOUT BORDERS, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 5 - CORONAVIRUS AID, RELIEF AND ECONOMIC SECURITY ACT (CARES ACT)

PAYCHECK PROTECTION PROGRAM LOAN

In February 2021, the Organization received loan proceeds of \$176,197, under the Paycheck Protection Program (PPP). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), provided for loans to qualifying businesses for amounts up to 2.5 times their average monthly payroll expenses and other qualifying expenses. The loans and accrued interest were forgivable after 24 weeks as long as the borrower used the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintained its payroll levels. The Organization used the proceeds of this loan for purposes consistent with the PPP and applied for forgiveness. The Organization received notice of forgiveness of the \$176,197 loan in February 2022, as such, the debt forgiveness has been included as non-operating activities on the accompanying statements of activities and changes in net assets in the respective year of forgiveness.

EMPLOYEE RETENTION CREDIT INCOME

The CARES Act also provided for an employee retention credit (ERC), which is a refundable tax credit against certain employment taxes. The Organization did not qualify for the credit during 2020 as the requirements to qualify were that the Organization must have experienced at least a 50% reduction in gross revenues from the same quarter in 2019 and must not have received a PPP loan. For 2021, the requirement to qualify was updated to retroactively remove the limitation for entities who had received a PPP loan and also reduced the threshold to include companies who experienced a 20% reduction in gross revenues from the same quarter in 2019. It also terminated the ERC effective October 1, 2021. The Organization met the requirements in 2021 and received the credit for the first three quarters of 2021. The credit is calculated as an amount up to 70% of qualified wages paid to employees during a quarter, with a limit on qualified wages per employee of \$10,000 per quarter, or \$7,000. The credit of \$167,578 was received in October 2022 and was recorded by the Organization for the year ended December 31, 2022 under non-operating activities on the accompanying statements of activities and changes in net assets.

LAWYERS WITHOUT BORDERS, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 6 - RELATED PARTY TRANSACTIONS

DUE FROM AFFILIATE

The Organization pays certain expenses on behalf of their United Kingdom affiliate, LWOB-UK. The balance due from LWOB-UK as of December 31, 2023 and 2022 was \$9,744 and \$9,514, respectively.

OTHER

During the years ended December 31, 2023 and 2022, donations made by members of the Board of Directors were \$290,000 and \$160,000, respectively and are included in contributions on the accompanying statements of activities and changes in net assets.

NOTE 7 - IN-KIND CONTRIBUTIONS AND EXPENSES

During the years ended December 31, 2023 and 2022, the fair value of contributed services meeting the requirements for recognition in the financial statements was \$2,214,635 and \$1,291,719, respectively, primarily related to providing legal services on behalf of the Organization for various programs in a variety of countries. Contributed services are valued and are reported at the estimated fair value in the financial statements based on current rates for similar legal services.

In July 2021, the Organization entered into a lease agreement with a donor whereby the Organization leased 980 square feet of office space in the donor's existing office space in Washington D.C. The annual base rent will be \$0 with an estimated market value of \$4 per square foot per month. The lease commenced on September 1, 2021 and cannot be terminated for one year. Because of this, the value for the full year of rent was recorded as in-kind contribution income of \$47,040 for the year ended December 31, 2021. At December 31, 2021, \$31,317 was recorded as a deferred rent receivable on the accompanying statements of financial position. Rental income was \$47,040 and \$15,852 for the years ended December 31, 2023 and 2022, respectively. For the years ended December 31, 2023 and 2022, the in-kind rental expense was \$47,040. The fair value of donated facilities was determined by using annual rents for comparable rental space in the area.

LAWYERS WITHOUT BORDERS, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 8 - PROMISES TO GIVE

Promises to give at December 31, 2023 and 2022 are as follows:

	2023	2022
Promises to give in less than one year	\$ 220,000	\$ 220,000
Promises to give in one to five years	<u> --</u>	<u>220,000</u>
Total promises to give	220,000	440,000
Less: discounts to net present value	<u>(14,832)</u>	<u>(42,236)</u>
Promises to give at December 31	<u>205,168</u>	<u>397,764</u>
Grants receivable	205,927	144,278
Grants and contributions receivable, net at December 31	<u>\$ 411,095</u>	<u>\$ 542,042</u>

Promises to give that are receivable in more than one year are discounted at 7.00% and 3.25% at December 31, 2023 and 2022, respectively. Management believes all balances are collectible; accordingly, no allowance for doubtful accounts has been established. Promises to give are included with grants receivable (Note 2) on the accompanying statements of financial position.

NOTE 9 - LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure within one year of December 31, 2023 and 2022 are as follows:

	2023		2022	
	Financial Assets	Unavailable	Available Within One Year	Available Within One Year
Financial assets:				
Cash	\$ 1,149,948	\$ --	\$ 1,149,948	\$ 1,036,988
Grants receivable	<u>411,095</u>	<u> --</u>	<u>411,095</u>	<u>336,874</u>
Total financial assets available within one year	<u>\$ 1,561,043</u>	<u>\$ --</u>	<u>\$ 1,561,043</u>	<u>\$ 1,373,862</u>

LAWYERS WITHOUT BORDERS, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 9 - LIQUIDITY AND AVAILABILITY (CONTINUED)

The Organization manages its financial assets to be available as its operating expenditures, liabilities and other obligations come due. The Board and management are committed to operating the Organization in a financially prudent manner. The Organization primarily performs grant-based projects with grants primarily through the United States Department of State and relies heavily on pro bono legal services to carry out these projects. Other project expenses are carefully monitored for compliance with grant stipulations to ensure they are eligible for reimbursement. Management and general expenses are fairly consistent and are primarily funded through other contributions. All grants and contributions receivable are expected to be collected and available for use within the next twelve months.

NOTE 10 - LINE OF CREDIT

In April 2023, the Organization entered into a \$200,000 line of credit agreement with M&T Bank with interest to be charged at prime plus 3.5%, with interest to be paid monthly and principal payable on demand. The line of credit is secured by all personal property of the Organization. The Organization may draw funds from the line of credit up to the maximum loan amount if needed. There was \$0 outstanding on the line of credit at December 31, 2023.

NOTE 11 - RETIREMENT PLAN

Effective January 1, 2023, The Organization established the Lawyers Without Borders 401(k) Plan which will cover substantially all employees who have completed three months of service and have attained 18 years of age. The plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). Participants will be automatically enrolled at a contribution rate of 3% unless otherwise opting out or choosing a different contribution rate up to the maximum allowed by law. The plan provides for a discretionary profit-sharing contribution to be determined annually.

LAWYERS WITHOUT BORDERS, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 12 - NET ASSETS

Net assets with donor restrictions at December 31, 2023 and 2022 consisted of the following:

	<u>2023</u>	<u>2022</u>
Open Society Foundations Afghan Challenge Fund- restricted for Afghan Scholar-in-Residence	\$ 17,527	\$ --
Anne Rudman donation - restricted for diversity equity and inclusion program	--	2,000
Joel Cohen donation - time restricted donation	100,000	--
Jones Day Grant - restricted for payment of portions of specified salaries	425,168	617,764
Linklaters Business Services Grant - restricted for diversity equity and inclusion program	--	3,959
Thomson Reuters Grant - restricted for Liberia Digest & Kenya Prosecution Training Institute	--	893
Thomson Reuters Grant - restricted for human trafficking Uganda, Kenya, Tanzania; Afghanistan Rule of Law Project	<u>13,162</u>	<u>20,000</u>
Total net assets with donor restrictions	<u>\$ 555,857</u>	<u>\$ 644,616</u>

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors
Lawyers Without Borders, Inc.

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Lawyers Without Borders, Inc. (a nonprofit Connecticut organization), which comprise the statements of financial position as of December 31, 2023, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated July 24, 2024.

Prior Period Financial Statements

The financial statements as of and for the year ended December 31, 2022, were audited by Federman, Lally & Remis, LLC whose practice was combined with Marcum LLP as of January 1, 2024, and whose report dated June 21, 2023, expressed an unmodified opinion on those statements.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Lawyers Without Borders, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lawyers Without Borders, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Lawyers Without Borders, Inc.'s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of Lawyers Without Borders, Inc.'s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lawyers Without Borders, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Lawyers Without Borders, Inc.'s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lawyers Without Borders, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Marcum LLP

Farmington, CT
July 24, 2024

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors
Lawyers Without Borders, Inc.

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Lawyers Without Borders, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Lawyers Without Borders, Inc.'s major federal programs for the year ended December 31, 2023. Lawyers Without Borders, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Lawyers Without Borders, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Lawyers Without Borders, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Lawyers Without Borders, Inc.'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Lawyers Without Borders, Inc.'s federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Lawyers Without Borders, Inc.'s compliance based on our audit. 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 GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Lawyers Without Borders, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Lawyers Without Borders, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Lawyers Without Borders, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Lawyers Without Borders, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Marcum LLP

Farmington, CT
July 24, 2024

LAWYERS WITHOUT BORDERS, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2023

<i>Federal Grantor</i> Pass-Through Grantor <u>Program or Cluster Title</u>	Federal Assistance <u>Listing Number</u>	Pass-Through Entity Identifying <u>Number</u>	<u>Provided to</u> Subrecipients	<u>Total Federal</u> Expenditures
<i>U.S. Department of State:</i>				
Direct Program:				
International Programs to Combat Human Trafficking	19.019		\$ --	\$ 894,112
Global Defense Reform Program	19.888		--	59,389
<i>Total U.S. Department of State</i>			--	953,501
 <i>U.S. Department of Labor:</i>				
Passed through Winrock International				
International Labor Programs	17.401		--	153,031
<i>Total U.S. Department of Labor</i>			--	153,031
 <i>U.S. Department of Health and Human Services:</i>				
Passed through Friends of the Public-Private Partnership for Justice Reform in Afghanistan				
Refugee and Entrant Assistance Discretionary Grants	93.576		--	54,369
<i>Total U.S. Department of Health and Human Services</i>			--	54,369
<i>Total Expenditures of Federal Awards</i>			\$ --	\$ 1,160,901

LAWYERS WITHOUT BORDERS, INC.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 1 - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant activity of Lawyers Without Borders, Inc. under programs of the federal program for the year ended December 31, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Lawyers Without Borders, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Lawyers Without Borders, Inc.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Consequently, amounts are recorded as expenditures when the obligations are incurred. Such expenditures are recognized following the cost principles contained in OMB's Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 - INDIRECT COSTS

Lawyers Without Borders, Inc. has elected to not use the 10% de minimis indirect cost rate as allowable under OMB's Uniform Guidance but rather the rates established directly with the federal funding agency.

LAWYERS WITHOUT BORDERS, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED DECEMBER 31, 2023

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

Type of auditors’ report issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified Opinion

Internal control over financial reporting:

Material weakness(es) identified?

_____ Yes X No

Significant deficiency(ies) identified?

_____ Yes X None reported

Noncompliance material to financial statements noted?

_____ Yes X No

Federal Awards

Internal control over major federal awards programs:

Material weakness(es) identified?

_____ Yes X No

Significant deficiency(ies) identified?

_____ Yes X None reported

Type of auditors’ report issued on compliance for major federal awards programs:

Unmodified Opinion

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

_____ Yes X No

Major Program:

Name of Federal Program or Cluster

Assistance Listing
Number

U.S. Department of State:

International Programs to Combat Human Trafficking

19.019

Dollar threshold used to distinguish between

Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

 X Yes _____ No

LAWYERS WITHOUT BORDERS, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2023

SECTION II – FINANCIAL STATEMENTS FINDINGS

None reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Current Year Findings:

None reported.

Prior Year Findings:

None reported.