

**LAWYERS' COMMITTEE
FOR CIVIL RIGHTS UNDER LAW
AUDITED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

Lawyers' Committee for Civil Rights Under Law

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Independent Auditor's Report

To the Board of Directors and Trustees
Lawyers' Committee for Civil Rights Under Law
1500 K Street Northwest Suite 900
Washington, DC 20005

Opinion

We have audited the accompanying financial statements of **Lawyers' Committee for Civil Rights Under Law** (the "Organization"), which comprise the Statements of Financial Position as of December 31, 2023 and 2022, and the related Statements of Activities and Changes in Net Assets, Functional Expenses, and Cash Flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Lawyers' Committee for Civil Rights Under Law** as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

Independent Auditor's Report (Continued)

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 **Lawyers' Committee for Civil Rights Under Law's** ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of **Lawyers' Committee for Civil Rights Under Law'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 **Lawyers' Committee for Civil Rights Under Law'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.



Rockville, Maryland
September 9, 2024

Lawyers' Committee for Civil Rights Under Law

Statements of Financial Position

<i>December 31,</i>	2023	2022
Assets		
Cash and cash equivalents	\$ 9,330,623	\$ 6,674,255
Investments	56,992,485	54,972,359
Accounts receivable	150,393	347,379
Grants receivable, net	3,514,000	4,486,000
Promises to give, net	2,027,685	2,394,251
Prepaid expenses	756,996	916,617
Deferred compensation assets	150,914	107,322
Property and equipment, net	1,734,599	2,004,781
Right-of-use asset- operating	7,770,701	8,697,700
Total assets	\$ 82,428,396	\$ 80,600,664
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 241,464	\$ 580,320
Accrued expenses	6,748,448	562,459
Custodial escrow funds	129,612	129,612
Payroll taxes and related liabilities	21,595	54,352
Deferred compensation liabilities	150,914	107,322
Lease liability- operating	10,670,183	11,833,304
Total liabilities	17,962,216	13,267,369
Net assets		
Without donor restrictions - undesignated	46,326,156	50,224,506
Without donor restrictions - designated	33,770	33,770
Total net assets without donor restrictions	46,359,926	50,258,276
With donor restrictions	18,106,254	17,075,019
Total net assets	64,466,180	67,333,295
Total liabilities and net assets	\$ 82,428,396	\$ 80,600,664

The accompanying Notes to Financial Statements are an integral part of these financial statements.

Lawyers' Committee for Civil Rights Under Law

Statements of Activities and Changes in Net Assets

Years ended December 31,	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support						
Public support	\$ 9,104,500	\$ 3,041,175	\$ 12,145,675	\$ 6,236,152	\$ 6,994,638	\$ 13,230,790
Special event: Higginbotham Dinner net of direct expenses of \$607,893 and \$703,492, respectively	1,186,494	-	1,186,494	1,419,309	-	1,419,309
Legal fees from court awards	1,148,837	-	1,148,837	6,216,571	-	6,216,571
Interest and other income	2,101,559	54,206	2,155,765	1,414,380	90,334	1,504,714
Net assets released from restrictions	2,458,741	(2,458,741)	-	4,389,961	(4,389,961)	-
Total revenue and support	16,000,131	636,640	16,636,771	19,676,373	2,695,011	22,371,384
Expenses						
Program services						
Capacity building	839,924	-	839,924	1,169,057	-	1,169,057
Criminal justice	889,643	-	889,643	804,785	-	804,785
Stop Hate	319,453	-	319,453	352,547	-	352,547
Voting rights	3,924,680	-	3,924,680	4,791,587	-	4,791,587
Fair housing / community development	810,740	-	810,740	900,544	-	900,544
Educational opportunities	932,219	-	932,219	1,090,509	-	1,090,509
Economic justice and COVID-19	554,307	-	554,307	481,870	-	481,870
Digital justice	777,570	-	777,570	491,904	-	491,904
Legal mobilization and public policy	342,555	-	342,555	280,680	-	280,680
Public education and general legal	2,632,714	-	2,632,714	1,977,096	-	1,977,096
NC regional office	9,335	-	9,335	210,197	-	210,197
Fellowships	241,648	-	241,648	394,488	-	394,488
Total program services	12,274,788	-	12,274,788	12,945,264	-	12,945,264
Supporting services						
Management and general	9,296,891	-	9,296,891	2,069,787	-	2,069,787
Fundraising	2,356,780	-	2,356,780	1,078,137	-	1,078,137
Total supporting services	11,653,671	-	11,653,671	3,147,924	-	3,147,924
Total expenses	23,928,459	-	23,928,459	16,093,188	-	16,093,188
Change in net assets before net return on investments and donated services	(7,928,328)	636,640	(7,291,688)	3,583,185	2,695,011	6,278,196
Net realized and unrealized gain (loss) on investments	4,029,978	394,595	4,424,573	(5,686,750)	(775,780)	(6,462,530)
In-kind legal services	57,341,185	-	57,341,185	98,315,836	-	98,315,836
Imputed program service expense for in-kind legal services	(57,341,185)	-	(57,341,185)	(98,315,836)	-	(98,315,836)
Change in net assets	(3,898,350)	1,031,235	(2,867,115)	(2,103,565)	1,919,231	(184,334)
Net assets, beginning of year	50,258,276	17,075,019	67,333,295	52,361,841	15,155,788	67,517,629
Net assets, end of year	\$ 46,359,926	\$ 18,106,254	\$ 64,466,180	\$ 50,258,276	\$ 17,075,019	\$ 67,333,295

The accompanying Notes to Financial Statements are an integral part of these financial statements.

Lawyers' Committee for Civil Rights Under Law

Statement of Functional Expenses

Year ended December 31, 2023	Program Services													Supporting Activities			
	Capacity Building	Criminal Justice	Stop Hate	Voting Rights	Fair Housing / Community Development	Educational Opportunities	Economic Justice and COVID-19	Digital Justice	Legal Mobilization and Public Policy	Public Education and General Legal	NC Regional Office	Fellowships	Total Program Services	Management and General	Fundraising	Total Supporting Activities	Total Expenses
Salaries and benefits:																	
Salaries	\$ 452,747	\$ 593,552	\$ 240,679	\$ 2,629,597	\$ 605,847	\$ 641,551	\$ 392,955	\$ 584,876	\$ 246,326	\$ 1,136,113	\$ 7,326	\$ 182,241	\$ 7,713,810	\$ 439,431	\$ 953,143	\$ 1,392,574	\$ 9,106,384
Benefits	77,179	103,811	42,556	460,114	107,049	112,255	69,114	103,400	43,380	188,240	1,300	32,186	1,340,584	241,063	149,515	390,578	1,731,162
Total salaries and benefits	529,926	697,363	283,235	3,089,711	712,896	753,806	462,069	688,276	289,706	1,324,353	8,626	214,427	9,054,394	680,494	1,102,658	1,783,152	10,837,546
Contractual services & co-counsel fees	201,431	24,000	14,500	177,860	22,815	68,904	50,981	31,020	17,854	523,065	-	-	1,132,430	1,507,225	560,797	2,068,022	3,200,452
Technology and research	-	-	-	178,151	-	7,290	-	-	20	193,622	-	-	379,083	131,814	30,920	162,734	541,817
Lease expense	41,016	41,276	14,544	181,901	36,962	44,382	25,485	35,411	15,714	128,748	422	11,187	577,048	410,909	147,989	558,898	1,135,946
Communications	-	-	-	3,673	-	351	855	-	-	31,169	-	-	36,048	10,109	59,324	69,433	105,481
Temporary help	-	-	-	-	-	-	-	-	-	242,207	-	-	242,207	48,325	-	48,325	290,532
Office expenses	53,936	12,113	1,546	27,922	4,548	4,886	2,535	3,383	2,996	55,781	40	11,996	181,682	259,757	338,732	598,489	780,171
Depreciation and amortization	10,419	10,485	3,694	46,205	9,389	11,274	6,473	8,995	3,992	32,703	107	2,842	146,578	104,375	37,590	141,965	288,543
Travel and meetings	-	99,360	801	190,811	18,381	35,886	1,249	-	9,639	27,169	107	-	383,403	21,137	655,598	676,735	1,060,138
Postage and delivery	-	19	-	76	-	19	-	290	-	334	-	-	738	41,032	10,798	51,830	52,568
Court costs and professional dues	-	1,810	-	12,849	2,869	1,962	2,674	799	1,409	63,530	-	324	88,226	6,046,504	278	6,046,782	6,135,008
Insurance and interest	3,196	3,217	1,133	14,176	2,880	3,459	1,986	2,760	1,225	10,033	33	872	44,970	32,022	11,533	43,555	88,525
Printing and duplication	-	-	-	1,345	-	-	-	6,636	-	-	-	-	7,981	3,188	8,456	11,644	19,625
Less, Higginbotham Dinner expenses included with revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(607,893)	(607,893)	(607,893)
Total expenses	839,924	889,643	319,453	3,924,680	810,740	932,219	554,307	777,570	342,555	2,632,714	9,335	241,648	12,274,788	9,296,891	2,356,780	11,653,671	23,928,459
In-kind legal services	-	9,757,641	-	31,200,663	3,868,837	2,193,264	5,077,182	1,125,108	-	-	-	-	53,222,695	-	4,118,490	4,118,490	57,341,185
Total expenses per Statement of Activities and Changes in Net Assets	\$ 839,924	\$ 10,647,284	\$ 319,453	\$ 35,125,343	\$ 4,679,577	\$ 3,125,483	\$ 5,631,489	\$ 1,902,678	\$ 342,555	\$ 2,632,714	\$ 9,335	\$ 241,648	\$ 65,497,483	\$ 9,296,891	\$ 6,475,270	\$ 15,772,161	\$ 81,269,644

The accompanying Notes to Financial Statements are an integral part of these financial statements.

Lawyers' Committee for Civil Rights Under Law

Statement of Functional Expenses

Year ended December 31, 2022	Program Services														Supporting Activities			
	Capacity Building	Criminal Justice	Stop Hate	Voting Rights	Fair Housing / Community Development	Educational Opportunities	Economic Justice and COVID-19	Digital Justice	Legal Mobilization and Public Policy	Public Education and General Legal	NC Regional Office	Fellowships	Total Program Services	Management and General	Fundraising	Total Supporting Activities	Total Expenses	
Salaries and benefits:																		
Salaries	\$ 411,638	\$ 598,977	\$ 236,250	\$ 2,395,837	\$ 576,221	\$ 651,907	\$ 413,730	\$ 372,497	\$ 179,629	\$ 699,498	\$ 154,665	\$ 164,642	\$ 6,855,491	\$ 465,557	\$ 578,264	\$ 1,043,821	\$ 7,899,312	
Benefits	38,451	107,502	48,630	409,867	115,076	71,710	25,064	77,147	38,678	132,249	31,863	32,207	1,128,444	547,166	108,811	655,977	1,784,421	
Total salaries and benefits	450,089	706,479	284,880	2,805,704	691,297	723,617	438,794	449,644	218,307	831,747	186,528	196,849	7,983,935	1,012,723	687,075	1,699,798	9,683,733	
Contractual service and co-counsel fees	491,618	20,000	3,400	134,957	109,544	166,500	4,500	-	16,764	800,385	2,449	159,208	1,909,325	251,573	72,617	324,190	2,233,515	
Lease expense	11,339	1,900	11,185	536,905	200	1,600	-	1,200	643	71,917	-	34	636,923	98,371	20,351	118,722	755,645	
Travel and meetings	29,518	42,066	20,758	270,229	53,648	98,996	20,245	28,328	16,655	83,658	7,800	24,850	696,751	259,790	113,877	373,667	1,070,418	
Technology and research	-	-	-	718,956	-	-	-	-	-	29,781	-	-	748,737	13,500	12	13,512	762,249	
Communications	138,089	-	-	105,768	-	-	-	-	8,411	35,818	-	-	288,086	78,478	25,709	104,187	392,273	
Office expense	20,791	5,600	2,956	25,820	6,972	10,884	2,792	2,840	1,880	25,487	6,017	2,389	114,428	206,386	65,799	272,185	386,613	
Insurance and interest	7,686	10,953	5,405	70,364	13,969	25,777	5,272	7,376	4,337	21,783	-	6,471	179,393	67,645	29,652	97,297	276,690	
Depreciation and amortization	18,005	12,052	13,382	71,461	17,156	52,647	221	-	11,783	58,867	2,065	1,551	259,190	17,048	739,651	756,699	1,015,889	
Printing and duplication	-	71	87	1,093	465	145	-	43	152	428	2,446	-	4,930	37,339	5,176	42,515	47,445	
Postage and delivery	-	2,554	9,143	6,595	3,696	3,680	3,413	386	664	6,776	1,285	1,518	39,710	6,124	-	6,124	45,834	
Court costs and professional dues	1,922	2,738	1,351	17,592	3,492	6,445	1,318	1,844	1,084	5,446	874	1,618	45,724	16,913	7,413	24,326	70,050	
Temporary help & stipends	-	372	-	26,143	105	218	5,315	243	-	5,003	733	-	38,132	3,897	14,297	18,194	56,326	
Less, Higginbotham Dinner expenses included with revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(703,492)	(703,492)	(703,492)	
Total expenses	1,169,057	804,785	352,547	4,791,587	900,544	1,090,509	481,870	491,904	280,680	1,977,096	210,197	394,488	12,945,264	2,069,787	1,078,137	3,147,924	16,093,188	
In-kind legal services	-	9,709,956	-	69,556,433	8,308,597	1,906,484	6,378,299	259,817	-	2,196,250	-	-	98,315,836	-	-	-	98,315,836	
Total expenses per Statement of Activities and Changes in Net Assets	\$ 1,169,057	\$ 10,514,741	\$ 352,547	\$ 74,348,020	\$ 9,209,141	\$ 2,996,993	\$ 6,860,169	\$ 751,721	\$ 280,680	\$ 4,173,346	\$ 210,197	\$ 394,488	\$111,261,100	\$ 2,069,787	\$ 1,078,137	\$ 3,147,924	\$114,409,024	

The accompanying Notes to Financial Statements are an integral part of these financial statements.

Lawyers' Committee for Civil Rights Under Law

Statements of Cash Flows

<i>Years ended December 31,</i>	2023	2022
Cash flows from operating activities		
Change in net assets	\$ (2,867,115)	\$ (184,334)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	288,543	276,690
Net realized and unrealized (gain) loss on investments	(4,424,573)	6,462,530
Donated investments	-	(250,000)
(Increase) decrease in:		
Accounts receivable	196,986	(237,328)
Grants receivable, net	972,000	2,653,000
Promises to give, net	366,566	(1,515,268)
Prepaid expenses	159,621	(90,396)
Right-of-use asset- operating	926,999	1,305,295
Increase (decrease) in:		
Accounts payable	(338,856)	74,455
Accrued expenses	6,185,989	144,047
Deferred revenue	-	(70,000)
Payroll taxes and related liabilities	(32,757)	4,302
Lease liability- operating	(1,163,121)	(1,508,553)
Net cash provided by operating activities	270,282	7,064,440
Cash flows from investing activities		
Purchases of property and equipment	(18,361)	(108,930)
Proceeds from sale of investments	14,772,368	29,502,757
Purchases of investments	(12,367,921)	(40,655,248)
Net cash provided by (used by) investing activities	2,386,086	(11,261,421)
Net change in cash and cash equivalents	2,656,368	(4,196,981)
Cash and cash equivalents, beginning of year	6,674,255	10,871,236
Cash and cash equivalents, end of year	\$ 9,330,623	\$ 6,674,255

The accompanying Notes to Financial Statements are an integral part of these financial statements.

Lawyers' Committee for Civil Rights Under Law

Notes to Financial Statements

1. Organization and significant accounting policies

Organization: Lawyers' Committee for Civil Rights Under Law ("the Lawyers' Committee") is a nonpartisan nonprofit organization formed in 1963 to develop better public understanding of civil rights and the related judicial and legal processes. The main goal of the Lawyers' Committee is to "secure, through the rule of law, equal justice under law."

The Lawyers' Committee acquires its funds mainly through foundation grants, contributions, and court awarded fees. These funds are expended to provide representation without cost in administrative and judicial proceedings to victims of unlawful discriminatory practices.

A summary of the Lawyers' Committee's significant accounting policies follows:

Basis of presentation: The financial statement presentation follows the recommendation of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC"). As required by the Not-for-Profit Entities Topic of the FASB ASC, the Lawyers' Committee is required to report information regarding its financial position and activities according to the following two classes to net assets:

Without donor restrictions: Net assets without donor restrictions include those net assets whose use is not restricted by donors, even though their use may be limited in other respects, such as by board designation. See Note 7 for details regarding board-designated net assets.

With donor restrictions: Net assets with donor restrictions include those net assets whose use by the Lawyers' Committee has been donor-restricted with specified time or purpose limitations or that the donated funds be maintained in perpetuity but permit the Lawyers' Committee to use investment income derived from the donated assets for either specified or unspecified purposes. See Note 8 for details regarding net assets with donor restrictions.

Use of estimates: The preparation of financial statements in accordance with generally accepted accounting principles ("U.S. GAAP") requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Income tax status: The Lawyers' Committee is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code ("IRC"), except on net income derived from unrelated business activities. The Lawyers' Committee has been classified by the Internal Revenue Service as other than a private foundation within the meaning of Section 509(a)(1) of the IRC.

Lawyers' Committee for Civil Rights Under Law

Notes to Financial Statements

The Lawyers' Committee evaluates uncertainty in income tax positions based on a more-likely-than-not recognition standard. If that threshold is met, the tax position is then measured at the largest amount that is greater than 50% likely of being realized upon ultimate settlement. As of December 31, 2023 and 2022, there are no accruals for uncertain tax positions. If applicable, the Lawyers' Committee records interest and penalties as a component of income tax expense. Tax years from December 31, 2020 through the current year remain open for examination by federal and state tax authorities.

Cash and cash equivalents: For purposes of reporting cash flows, the Lawyers' Committee considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents. All cash held by the investment custodians are considered investments.

The Lawyers' Committee received funds from class action lawsuits in previous years, and maintains a separate account to hold funds it has not been able to distribute to unlocated claimants. The amount is presented as cash and an accrued liability on the statement of financial position. For the years ended December 31, 2023 and 2022, the balance was \$129,612.

Financial risk: The Lawyers' Committee maintains cash balances at two commercial banks, and these balances can exceed the Federal Deposit Insurance Corporation ("FDIC") insured deposit limit of \$250,000 per financial institution. At December 31, 2023 and 2022, the Lawyers' Committee's cash balance held at the commercial banks exceeded the insured limit by approximately \$8,813,000 and \$6,220,000, respectively. The Lawyers' Committee has not experienced any losses through the date when the financial statements were available to be issued.

The Lawyers' Committee invests in a professionally managed portfolio that contains various marketable securities. Such investments are exposed to various risks, such as market and credit. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risk in the near-term could materially affect investment balances and the amounts reported in the financial statements.

Investments: Investments in marketable securities are reflected at fair value. The change in fair value of these investments is recorded as a component of net realized and unrealized gain (loss) on investments in the Statements of Activities and Changes in Net Assets.

Lawyers' Committee for Civil Rights Under Law

Notes to Financial Statements

Accounts receivable: Accounts receivable are recorded at their net realizable value, which approximates fair value. The Committee adopted Accounting Standards Board (FASB) issued ASU No. 2016-13, *Financial Instruments - Credit Losses (Topic 326)*, or ("CECL"). The expected credit loss is subject to the "expected credit loss" model prescribed by CECL.

Grants receivable and promises to give: The Lawyers' Committee has received funding commitments and unconditional promises to give from various foundations and donors. Amounts due in excess of one year have been discounted to present value using a rate of 5.00% and 4.00% as of December 31, 2023 and 2022, respectively. Conditional promises to give are not included as support until the conditions are substantially met. Bad debt expense was \$0 for the years ended December 31, 2023 and 2022. Grants receivable are presented net of a discount to present value of \$271,000 and \$124,200 as of December 31, 2023 and 2022, respectively. Promises to give are presented net of an allowance for doubtful accounts of \$137,500 as of December 31, 2023 and 2022, respectively. 76% of grants receivable were due from four donors and 84% of grants receivable were due from two donors as of December 31, 2023 and 2022, respectively.

Property and equipment: Acquisitions of property and equipment greater than or equal to \$1,000 are capitalized at cost. Donated property and equipment is capitalized at fair value at the date of the gift. Property and equipment is depreciated using the straight-line method over the estimated useful lives of the assets as follows:

	<u>Years</u>
Furniture and equipment	5-10
Computers and software	3

Leasehold improvements are amortized over the lesser of the remaining office lease term or the estimated useful lives of the improvements.

Valuation of long-lived assets: The Lawyers' Committee reviews property and equipment for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value, less costs to sell.

Lawyers' Committee for Civil Rights Under Law

Notes to Financial Statements

Leases: Operating lease right-of-use assets ("ROU") and lease liabilities are recognized at the lease commencement date based on the present value of the lease payments over the lease term. ROU assets also include adjustments related to lease payments made and lease incentives received at or before the commencement date. When present, the ROU assets resulting from operating leases are disclosed as right-of-use asset – operating lease and the related liabilities are included in lease liability – operating in the Statement of Financial Position. When present, finance lease ROU assets are included in furniture and equipment, and the related liabilities are included in lease liability – financing in the Statement of Financial Position. At lease commencement, lease liabilities are recognized based on the present value of the remaining lease payments and discounted using the risk-free rate. Operating lease cost is recognized on a straight-line basis over the lease term as lease expense in the accompanying Statement of Functional Expenses. Lease and non-lease components of office space and equipment lease agreements are accounted for as a single component. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Lawyers' Committee will exercise that option. The Lawyers' Committee determines if an arrangement is a lease at inception.

Contributions and grants: Contributions and grants are recognized as support when promised unconditionally and are recorded net of any current year allowance or discount activity. The Lawyers' Committee reports gifts of cash and other assets as net assets with donor restrictions if they are received or promised with donor stipulations that limit the use of the donated assets to the Lawyers' Committee's programs or to a future period. When a donor restriction expires, that is, when a purpose restriction is accomplished or time restriction has elapsed, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying Statements of Activities and Changes in Net Assets as net assets released from restriction. Contributions that are restricted by the donor are reported as net assets without donor restriction if the restriction expires in the same reporting period in which the contribution is recognized. 44% and 35% of public support contributions were made by three donors as of December 31, 2023 and 2022, respectively.

Contributions of legal fees from court awards are recognized at the earlier of the date of receipt or commitment from the awarding firm. Special event revenue consists primarily of contributions related to the annual Higginbotham Dinner. Revenue from special events is recognized in the period the event takes place.

Lawyers' Committee for Civil Rights Under Law

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In-kind legal services: Contributions of in-kind 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 at fair value. Included are pro-bono services provided to the Lawyers' Committee in furtherance of its mission by lawyers and law firms. Donated legal services included in management and general are valued at the standard hourly rates charged for those services, which is considered to be the fair value. The fair value of these services has been estimated by the law firms to be \$57,341,185 and \$98,315,836 for the years ended December 31, 2023 and 2022, respectively. 38% and 35% of in kind contributed legal services were made by five donors as of December 31, 2023 and 2022, respectively.

Cash flow classification of donated financial assets: Cash receipts from the sale of donated securities that upon receipt were converted nearly immediately into cash and with no donor-imposed restrictions are included in the operating section of the Statements of Cash Flows, while cash receipts from the sale of donated securities with donor-imposed long-term restrictions are classified as financing activities. Otherwise, receipts from the sale of donated financial assets are classified as cash flows from investing activities.

Functional allocation of expenses: Certain costs are allocated among multiple program services or supporting services activities. Allocable costs include facilities, general office, executive office and information technology support. The costs are allocated among program services and supporting services activities based on the estimated amount of labor costs utilized by each area, except for court costs and professional dues.

Expenses that are allocated include the following:

Expenses	Method of Allocation
Salaries and benefits	Time and effort
Contractual service and co-counsel fees	Time and effort
Lease expense	Time and effort
Travel and meetings	Time and effort
Technology and research	Time and effort
Communications	Time and effort
Office expense	Time and effort
Insurance and interest	Time and effort
Depreciation and amortization	Time and effort
Printing and duplication	Time and effort
Postage and delivery	Time and effort
Court costs and professional dues	Direct attribution
Temporary help & stipends	Time and effort
In-kind legal services	Time and effort

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Recently adopted accounting guidance: In June 2016, the Financial Accounting Standards Board (FASB) issued ASU No. 2016-13, *Financial Instruments - Credit Losses* (Topic 326), or ("CECL"), which prescribes an impairment model for most financial instruments based on expected losses rather than incurred losses. Under this model, an estimate of expected credit losses over the contractual life of the instrument is to be recorded as of the end of a reporting period as an allowance to offset the amortized cost basis, resulting in a net presentation of the amount expected to be collected on the financial instrument. For most instruments, entities must apply the standard using a cumulative-effect adjustment to beginning net assets as of the beginning of the fiscal year of adoption.

The adoption of CECL did not have a material impact. A cumulative effect adjustment to beginning net assets was not required. Financial assets and liabilities held by the Lawyers' Committee subject to the "expected credit loss" model prescribed by CECL include accounts receivables as well as contract assets, when applicable.

Subsequent events: Subsequent events have been evaluated through September 9, 2024, which is the date the financial statements were available to be issued.

2. Liquidity and availability of resources

The following represents the Lawyers' Committee's financial assets at December 31, 2023 and 2022:

	2023	2022
Cash and cash equivalents	\$ 9,330,623	\$ 6,674,255
Investments	56,992,485	54,972,359
Accounts receivable	150,393	347,379
Grants receivable, net	3,514,000	4,486,000
Promise to give, net	2,027,685	2,394,251
Total financial assets	72,015,186	68,874,244
Less amounts not available for general expenditures:		
Custodial escrow funds	(129,612)	(129,612)
Board-designated net assets	(33,770)	(33,770)
Net assets with donor restrictions	(18,106,254)	(17,075,019)
Financial assets available to meet general expenditures within one year	\$ 53,745,550	\$ 51,635,843

Lawyers' Committee for Civil Rights Under Law

Notes to Financial Statements

The Lawyers' Committee's process of liquidity management calls for maintaining sufficient liquid financial assets in order to readily meet general expenditures and obligations as they become due. The policy of the Lawyers' Committee is to maintain sufficient cash to meet obligations in a timely manner and to meet expenses occurring as a result of unanticipated activities.

Management periodically reviews the Lawyers' Committee's liquid asset needs and assesses the adequacy of the cash and cash equivalent balances.

3. Investments and fair value

Fair value: The Lawyers' Committee has implemented the accounting standards topic regarding fair value measurements. This standard establishes a framework for measuring fair value in accordance with GAAP and expands disclosures about fair value measurements. This standard uses the following prioritized input levels to measure fair value. The input levels used for valuing investments are not necessarily an indication of risk.

Level 1. Observable inputs that reflect quoted prices for identical assets or liabilities in active markets such as stock quotes;

Level 2. Includes inputs other than Level 1 inputs that are directly or indirectly observable in the marketplace such as yield curves or other market data; and

Level 3. Unobservable inputs which reflect the reporting entity's assessment of the assumptions that market participants would use in pricing the asset or liability including assumptions about risk such as bid/ask spreads and liquidity discounts.

Investments using Level 1 inputs consist of investments in stocks of companies and mutual and exchange traded funds across various industries and are valued based on quoted market prices at the reporting date for those or similar investments in active markets. Additionally, investments in mutual funds listed on a national market or exchange are valued at the last sales price or, if there is no sale and the market is still considered active, at the last transaction price before year-end.

Investments using Level 2 inputs consist of government securities and corporate bonds and are valued using an outside data and pricing company (the Company). In determining the fair value of the investments, the Company uses a market approach based on the credit risk of the issuer, maturity, current yield, and other terms and conditions of each security. Management believes the Company's estimate to be a reasonable approximation of the fair value of the investments.

The following is a summary of the input levels used to determine fair values, measured on a recurring basis, at December 31, 2023 and 2022:

Lawyers' Committee for Civil Rights Under Law

Notes to Financial Statements

	2023			
	Total	Fair Value		
		Level 1	Level 2	Level 3
Investments:				
Common stock	\$ 15,758,215	\$ 15,758,215	\$ -	\$ -
U.S. government securities	14,427,657	-	14,427,657	-
Corporate bonds	2,494,882	-	2,494,882	-
Mutual and exchange traded funds-equities	10,367,827	10,367,827	-	-
Mutual and exchange traded funds-fixed income	7,220,844	7,220,844	-	-
Investments carried at fair value	\$ 50,269,425	\$ 33,346,886	\$ 16,922,539	\$ -
Cash management fund	6,723,060	-	-	-
Total investments	\$ 56,992,485			

	2022			
	Total	Fair Value		
		Level 1	Level 2	Level 3
Investments:				
Common stock	\$ 12,319,440	\$ 12,319,440	\$ -	\$ -
U.S. government securities	12,703,451	-	12,703,451	-
Corporate bonds	2,738,257	-	2,738,257	-
Mutual and exchange traded funds-equities	8,781,444	8,781,444	-	-
Mutual and exchange traded funds-fixed income	6,343,355	6,343,355	-	-
Investments carried at fair value	\$ 42,885,947	\$ 27,444,239	\$ 15,441,708	\$ -
Cash management fund	12,086,412	-	-	-
Total investments	\$ 54,972,359			

The Lawyers' Committee sponsors two non-qualified deferred compensation plans. The following table sets forth by level, within the fair value hierarchy, the Lawyers' Committee's assets held in the 457(b) deferred compensation plans at fair value as of December 31, 2023 and 2022:

	2023			
	Total	Fair Value		
		Level 1	Level 2	Level 3
Deferred compensation assets:				
Mutual and exchange traded funds - equities	\$ 141,281	\$ 141,281	\$ -	\$ -
Mutual and exchange traded funds - fixed income	7,969	7,969	-	-
Investments carried at fair value	\$ 149,250	\$ 149,250	\$ -	\$ -
Cash management fund	1,664	-	-	-
Total deferred compensation assets	\$ 150,914			

Lawyers' Committee for Civil Rights Under Law

Notes to Financial Statements

	2022			
	Total	Fair Value		
		Level 1	Level 2	Level 3
Deferred compensation assets:				
Mutual and exchange traded funds - equities	\$ 89,279	\$ 89,279	\$ -	\$ -
Mutual and exchange traded funds - fixed income	7,745	7,745	-	-
Investments carried at fair value	\$ 97,024	\$ 97,024	\$ -	\$ -
Cash management fund	10,298	-	-	-
Total deferred compensation assets	\$ 107,322			

4. Grants receivable and promises to give

The anticipated timing of future cash flows related to grants receivable and promises to give were as follows at December 31, 2023 and 2022:

	2023	2022
Due in less than one year	\$ 5,150,185	\$ 5,036,949
Due in one to five years	800,000	2,105,002
Less: discount to present value	(271,000)	(124,200)
Less: allowance for doubtful accounts	(137,500)	(137,500)
Grants receivable and promises to give, net	\$ 5,541,685	\$ 6,880,251
Grants receivable	\$ 3,514,000	\$ 4,486,000
Promises to give	2,027,685	2,394,251
Grants receivable and promises to give, net	\$ 5,541,685	\$ 6,880,251

5. Property and equipment

Property and equipment consisted of the following as of December 31:

	2023	2022
Furniture and equipment	\$ 538,460	\$ 538,460
Computers and software	943,239	924,998
Leasehold improvements	2,411,216	2,411,216
Total	\$ 3,892,915	\$ 3,874,674
Less: accumulated depreciation	(2,158,316)	(1,869,893)
Property and equipment, net	\$ 1,734,599	\$ 2,004,781

Depreciation and amortization expense for the years ended December 31, 2023 and 2022 totaled \$288,543 and \$276,690, respectively and is included on the Statements of Functional Expenses.

Lawyers' Committee for Civil Rights Under Law

Notes to Financial Statements

6. Notes payable **Line of credit:** During 2015, the Lawyers' Committee entered into a loan management account agreement with a financial institution which included a revolving line of credit. The corresponding interest rate varies on a weekly basis. No amounts were outstanding under the line of credit as of December 31, 2023 and 2022. Interest expense incurred under the revolving line of credit for the years ended December 31, 2023 and 2022 was \$0.

7. Board-designated net assets Board-designated net assets are not subject to donor restrictions. Rather, they have been designated by the Board for certain purposes as shown below as of December 31, 2023 and 2022:

	2023	2022
Domestic Legal Assistance Fund	\$ 16,728	\$ 16,728
Anniversary Fund	11,242	11,242
Lloyd Cutler Memorial Fund	5,800	5,800
Board designated net assets	\$ 33,770	\$ 33,770

8. Net assets with donor restrictions Activity and balances associated with net assets with donor restrictions consisted of the following as of and for the years ended December 31, 2023 and 2022:

	2023	2022
Purpose-restricted net assets:		
Voting rights	\$ 5,899,687	\$ 6,271,097
Economic justice	903,671	888,476
Program reserves	816,795	927,920
Fair housing/community development	1,201,318	1,182,831
Capacity building	232,719	834,189
Criminal justice	309,059	177,604
Census	133,956	133,956
COVID-19	45,931	45,931
Black voices, black justice	5,401	224,904
Education	1,472,902	448,281
Digital justice	-	570,197
Other	1,430,308	624,163
Net assets subject to purpose restrictions	\$ 12,451,747	\$ 12,329,549
Endowment	5,654,507	4,745,470
Total net assets with donor restrictions	\$ 18,106,254	\$ 17,075,019

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The Lawyers' Committee's endowments consist of funds established for a variety of purposes. As required by generally accepted accounting principles, net assets associated with these endowments are classified and reported based on the existence or absence of donor-imposed restrictions.

During the year ended December 31, 2013, the Lawyers' Committee received a \$2,000,000 contribution from the Ford Foundation. The grant is to be used to create an operating reserve fund ("the Reserve"). The Lawyers' Committee is permitted to borrow funds from the Reserve as long as such borrowings comply with the approved policy governing the use of the funds. The Lawyers' Committee is also encouraged to have a repayment plan in place for any borrowings made from the Reserve. Investment earnings related to the Reserve are available for current year operations.

During the year ended December 31, 2022, the Lawyers' Committee received a \$2,000,000 promise to give from a law firm for the purpose of establishing an endowed fund for the purpose of funding Fellowships and Internships for HBCU students and graduates. The funds were received in January 2023. The Lawyers' Committee agreed that annual draws against the fund will amount to no more than 5% of the total fund so that the fund may grow in perpetuity. No more than 10% of the annual draw may be used for programmatic costs directly associated with the management of the fund.

Interpretation of relevant law: Though the Board of Directors of the Lawyers' Committee has not conducted a formal analysis of its compliance with the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") enacted by the District of Columbia in 2008, the Board has established policies regarding the preservation, investment and expenditure of these net assets.

Funds with deficiencies: From time to time, the fair value of assets associated with individual donor- restricted Lawyers' Committee funds may fall below the level that current law requires the Lawyers' Committee to retain for a fund of perpetual duration. As of December 31, 2023 and 2022, there were no such deficiencies.

Return objectives and risk parameters: The Board of Directors of the Lawyers' Committee has adopted a policy for the management of the Lawyers' Committee's assets. These investment policies articulate the broad investment philosophy that governs the management of the assets of the Lawyers' Committee.

Lawyers' Committee for Civil Rights Under Law

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Strategies employed for achieving objectives: The Lawyers' Committee is committed to a long-term approach with a balanced program of investments to preserve and enhance the real purchasing power of the fund so as to provide a stable and, in real terms, constant stream of investment income. The Lawyers' Committee's investment objective is to attain a rate of return comparable to relevant investment indexes.

The following is a summary of donor-restricted endowment activity and composition as of and for the years ended December 31, 2023 and 2022:

	2023		
	Accumulated earnings	Original Value	Total
Beginning of year	\$ 594,961	\$ 4,150,509	\$ 4,745,470
Contributions	-	445,790	445,790
Net investment income	463,247	-	463,247
End of year	\$ 1,058,208	\$ 4,596,299	\$ 5,654,507

	2022		
	Accumulated earnings	Original Value	Total
Beginning of year	\$ 1,197,028	\$ 2,150,509	\$ 3,347,537
Contributions	-	2,000,000	2,000,000
Net investment loss	(602,067)	-	(602,067)
End of year	\$ 594,961	\$ 4,150,509	\$ 4,745,470

9. Employee annuity plan

The Lawyers' Committee has a tax-deferred annuity plan as described in Section 403(b) of the Internal Revenue Code covering substantially all employees. The employer has the option of contributing or not contributing to the plan each year. Expenses related to this plan were \$272,626 and \$274,761 for the years ended December 31, 2023 and 2022, respectively.

During 2018, the Lawyers' Committee created a nonqualified deferred compensation plan under section 457(b) of the IRC for the benefit of a key employee. Amounts held under the Plan are reported in the Statements of Financial Position. For the years ended December 31, 2023 and 2022, expenses related to this plan were \$22,500 and \$27,000, respectively.

Lawyers' Committee for Civil Rights Under Law

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10. Leases

On December 22, 2017, the Lawyers' Committee entered into an office space lease at 1500 K Street, NW, Washington, D.C. The rent commencement date for the 1500 K Street lease was July 1, 2018. The lease is scheduled to expire on June 30, 2031 and the Lawyers' Committee has the option to extend the lease term for an additional 60 months. The lease provides for abatement of the first 16 months of rent and a total tenant improvement and structural penetration allowance of up to \$2,337,915. The Lawyers' Committee was required to provide a security deposit to the landlord. Thus, the Lawyers' Committee had provided a \$498,978 letter of credit, issued by a commercial bank, in favor of the landlord as of December 31, 2019. The letter of credit was not renewed in 2020. As a result, \$498,978 was transferred to the landlord during 2020 to be held as a security deposit. This amount was included within the December 31, 2020 balance of prepaid expenses. In April 2021, the Lawyers' Committee obtained a \$600,000 letter of credit to serve as the security deposit. This letter of credit was to expire in April 2022. The letter was amended during 2022, in accordance with the lease agreement, to reduce the letter of credit and corresponding security deposit to \$299,386. The Lawyers' Committee's letters of credit are secured by cash deposits included within cash and cash equivalents on the Statements of Financial Position.

The office space leases contain annual escalation clauses, which adjust base rentals.

The Lawyers' Committee has made an accounting policy election to use a risk-free rate in lieu of its incremental borrowing rate to discount future lease payments. The weighted-average discount rate applied to calculate lease liabilities as of December 31, 2023 and 2022 was 1.63%.

For the years ended December 31, 2023 and 2022, total lease expense was \$1,135,946 and \$1,070,418, respectively. As of December 31, 2023 and 2022, the weighted-average remaining lease term for the Lawyers' Committee's operating leases were approximately 7.6 and 8.6 years, respectively.

Cash paid for operating leases for the years ended December 31, 2023 and 2022 was \$1,347,418 and \$1,314,554, respectively. There were no noncash investing and financing transactions related to leasing.

Future maturities of the lease liability are presented in the following table, for fiscal years ending December 31:

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2024	\$ 1,381,103
2025	1,415,631
2026	1,451,022
2027	1,487,297
2028	1,524,480
Thereafter	4,113,462
Total	11,372,995
Imputed interest	(702,812)
Lease liability-operating	\$ 10,670,183

11. Commitments and contingencies

Employment contract: The Lawyers' Committee has entered into an employment agreement with its President and Executive Director. The agreement stipulates that the Lawyers' Committee will be liable for severance and other payments under certain circumstances.

Contingencies: In 2023 and 2022, the Lawyers' Committee was involved in litigation with an outside party. The matter was settled confidentially in 2024 and an accrual was made for the settlement in accordance with the guidance in ASC 855, *Subsequent Events*, and is recorded with court costs and professional dues on the Statement of Functional Expenses.

In the current and prior years, the Lawyers' Committee has received revenue from private foundations and the U.S. Federal government. These contracts are subject to audit by the contributing entity. However, the Lawyers' Committee believes that adjustments, if any, as a result of such audits will not have a material effect upon the financial statements.