

Chicago Lawyers' Committee for
Civil Rights Under Law, Inc.



Financial Statements

For the Year Ended
December 31, 2021



Chicago Lawyers' Committee for Civil Rights Under Law, Inc.

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Illinois NFP Audit & Tax, LLP
Certified Public Accountants

Independent Auditor's Report

To the Board of Directors
Chicago Lawyers' Committee for Civil Rights Under Law, Inc.
Chicago, Illinois

Opinion on the Financial Statements

We have audited the accompanying financial statements of Chicago Lawyers' Committee for Civil Rights Under Law, Inc., which comprise the statements of financial position as of December 31, 2021 and the related statements of activities, functional expenses and cash flows for the year 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 Chicago Lawyers' Committee for Civil Rights Under Law, Inc. as of December 31, 2021, 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.

Basis for Opinion on the Financial Statements

We conducted our audit 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 Chicago Lawyers' Committee for Civil Rights Under Law, Inc. 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Chicago Lawyers' Committee for Civil Rights Under Law, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

IL NFP Audit & Tax, LLP

Chicago, Illinois
May 2, 2022

Chicago Lawyers' Committee for Civil Rights Under Law, Inc.
Statement of Financial Position
December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Assets			
Current Assets			
Cash and Cash Equivalents	\$ 86,772	\$ 387,946	\$ 474,718
Investments	1,251,421	0	1,251,421
Grants and Other Receivables	311,637	165,000	476,637
Prepaid Expenses	26,312	0	26,312
Total Current Assets	1,676,142	552,946	2,229,088
Total Fixed Assets, Net	618	0	618
Other Assets			
Security Deposit	6,467	0	6,467
Total Other Assets	6,467	0	6,467
Total Assets	\$ 1,683,227	\$ 552,946	\$ 2,236,173
Liabilities and Net Assets			
Current Liabilities			
Accounts Payable	\$ 41,971	\$ 0	\$ 41,971
Accrued Expenses	56,390	0	56,390
Deferred Revenue	10,000	0	10,000
Deferred Rent	553	0	553
Total Current Liabilities	108,914	0	108,914
Non-current Liabilities			
Deferred Rent - Long-term	42,172	0	42,172
Total Non-current Liabilities	42,172	0	42,172
Total Liabilities	151,086	0	151,086
Total Net Assets	1,532,141	552,946	2,085,087
Total Liabilities and Net Assets	\$ 1,683,227	\$ 552,946	\$ 2,236,173

See the Accompanying Notes to the Financial Statements

Chicago Lawyers' Committee for Civil Rights Under Law, Inc.
Statement of Activities
For the Year Ended December 31, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue, Support and Gains			
Grants and Contributions			
Foundations and Corporations	\$ 581,669	\$ 532,917	\$ 1,114,586
Governments	608,833	0	608,833
Law Firm Memberships	280,625	0	280,625
Individuals	47,933	539	48,472
Program Fees and Earned Income			
Attorney Fees	36,037	0	36,037
Contractual Services	35,000	0	35,000
Application Fees	15,000	0	15,000
Annual Benefit			
Annual Benefit Revenue	300,353	0	300,353
Direct Expenses	(70,180)	0	(70,180)
Other Special Events			
Other Special Event Revenue	82,269	0	82,269
Direct Expenses	(5,750)	0	(5,750)
Net Investment Return	112,009	0	112,009
Miscellaneous	2,796	0	2,796
Net Assets Released from Restrictions:			
Satisfaction of Program Restrictions	101,379	(101,379)	0
Expiration of Time Restrictions	339,806	(339,806)	0
Total Revenue, Support and Gains	<u>2,467,779</u>	<u>92,271</u>	<u>2,560,050</u>
Functional Expenses			
Program Services	1,666,182	0	1,666,182
Management and General	324,157	0	324,157
Fundraising	486,201	0	486,201
Total Functional Expenses	<u>2,476,540</u>	<u>0</u>	<u>2,476,540</u>
Change in Net Assets	(8,761)	92,271	83,510
Net Assets,			
Beginning of Year	1,544,944	456,633	2,001,577
Prior Period Adjustment	<u>(4,042)</u>	<u>4,042</u>	<u>0</u>
Beginning of Year, Restated	<u>1,540,902</u>	<u>460,675</u>	<u>2,001,577</u>
End of Year	<u>\$ 1,532,141</u>	<u>\$ 552,946</u>	<u>\$ 2,085,087</u>

See the Accompanying Notes to the Financial Statements

Chicago Lawyers' Committee for Civil Rights Under Law, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2021

Program Services

	Transactional Legal Assistance	Equitable Community Development and Housing	Settlement Assistance Program	Voting Rights & Civic Empowerment	Education Equity	Other Programs	Total Program Services	Management and General	Fundraising	Total
Functional Expenses										
Personnel										
Salaries and Wages	\$ 173,022	\$ 475,880	\$ 66,624	\$ 198,443	\$ 215,130	\$ 9,467	\$ 1,138,566	\$ 221,585	\$ 351,523	\$1,711,674
Payroll Taxes	15,644	36,557	5,409	15,679	15,462	740	89,491	18,588	22,709	130,788
Employee Benefits	13,670	32,062	4,741	13,717	13,665	657	78,512	28,989	19,961	127,462
Total Personnel	202,336	544,499	76,774	227,839	244,257	10,864	1,306,569	269,162	394,193	1,969,924
Assistance to Others: Sub-grants	0	75,000	0	0	0	0	75,000	0	0	75,000
Bad Debt Expense	0	0	0	0	0	0	0	9,750	0	9,750
Bank and Processing Fees	280	348	64	150	153	10	1,005	789	3,450	5,244
Contracted and Student Services	8,988	23,584	3,170	8,293	7,506	220	51,761	8,871	23,550	84,182
Depreciation	0	0	0	0	0	0	0	352	0	352
Equipment rental & Maintenance	1,857	4,898	931	2,022	2,168	66	11,942	2,973	3,395	18,310
Information Resources	1,041	8,653	1,898	2,597	2,359	37	16,585	1,081	3,125	20,791
Insurance	2,689	6,379	1,122	2,894	1,691	82	14,857	867	3,322	19,046
Litigation	0	17	125	21	31	0	194	7	0	201
Meetings and Travel	529	1,505	908	1,102	669	19	4,732	628	3,275	8,635
Miscellaneous	14	40	8	517	25	0	604	898	29	1,531
Postage	26	164	13	25	19	1	248	26	53	327
Printing	0	186	25	186	174	0	571	0	0	571
Professional Fees	2,453	7,195	1,234	2,540	2,065	89	15,576	2,428	4,577	22,581
Recruitment and Advertising	0	75	0	540	105	0	720	105	275	1,100
Rent	21,853	60,694	10,974	26,682	26,082	742	147,027	18,144	38,992	204,163
Staff Development	288	2,770	149	939	1,284	11	5,441	1,424	4,845	11,710
Supplies	193	2,023	28	1,155	1,181	2	4,582	5,386	856	10,824
Telecommunications	1,459	3,658	674	1,556	1,372	49	8,768	1,266	2,264	12,298
Total Functional Expenses	\$ 244,006	\$ 741,688	\$ 98,097	\$ 279,058	\$ 291,141	\$ 12,192	\$ 1,666,182	\$ 324,157	\$ 486,201	\$2,476,540

See the Accompanying Notes to the Financial Statements

Chicago Lawyers' Committee for Civil Rights Under Law, Inc.
Statement of Cash Flows
For the Year Ended December 31, 2021

Cash Flows from Operating Activities

Received from Supporters and Other Sources	\$ 2,441,853
Interest Received	14,526
Paid to Vendors and Employees	(2,543,599)
Interest Paid	0
Income Taxes Paid	0

Net Cash Used in Operating Activities

(87,220)

Cash Flows from Investing Activities

Payments for the Purchase of Investments	(727,333)
Proceeds from the Sale of Investments	217,265

Net Cash Used in Investing Activities

(510,068)

Cash Flows from Financing Activities

Proceeds from the Issuance of Note Payable	278,361
Principal Payments on Note Payable	(278,361)

Net Cash Provided by Financing Activities

0

Net Decrease in Cash and Cash Equivalents

(597,288)

Cash and Cash Equivalents,

Beginning of Year

1,072,006

End of Year

\$ 474,718

Non-cash Operating Activities

Bad Debt Expense	\$ 9,750
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Total Non-cash Operating Activities

\$ 9,750

See the Accompanying Notes to the Financial Statements

Chicago Lawyers' Committee for Civil Rights Under Law, Inc.
Statement of Cash Flows (Continued)
For the Year Ended December 31, 2021

Reconciliation of Change in Net Assets to Operating Activities

Change in Net Assets	\$ <u>83,510</u>
Adjustments to Reconcile Change in Net Assets to Operating Activities	
Depreciation	352
Realized Gain on Investments	(7,546)
Unrealized Gain on Investments	(89,937)
Changes in Certain Assets and Liabilities:	
Grants and Other Receivables	(82,368)
Prepaid Expenses	(2,793)
Accounts Payable	(296)
Accrued Expenses	5,366
Deferred Revenue	10,000
Deferred Rent	<u>(3,508)</u>
Total Adjustments	<u>(170,730)</u>
Net Cash Used in Operating Activities	\$ <u><u>(87,220)</u></u>

See the Accompanying Notes to the Financial Statements

Chicago Lawyers' Committee for Civil Rights Under Law, Inc.
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 1 - Summary of Significant Accounting Policies

Organization and Nature of Activities

Chicago Lawyers' Committee for Civil Rights Under Law, Inc. (the "Organization") was founded in 1969 and incorporated as a nonprofit organization in 1976. The organization advances racial equity and economic opportunity for all through partnerships with the private bar and community-based organizations located in or serving Black and brown communities in the Chicago region. The Organization provides the following programs:

Transactional Legal Assistance - We provide transactional legal assistance that helps to create, build, and support nonprofit organizations focused on economic development and social services in historically disinvested communities of color. We also offer a wide range of information, technical assistance and legal services to help entrepreneurs/small businesses operating in historically disinvested communities of color.

Equitable Community Development and Housing - We work with grassroots organizations and coalitions in communities most affected by poverty, racial disparities, gentrification, and displacement. Our involvement helps communities that have been historically marginalized find innovative ways to secure investments in, and commitments to, affordable housing, local hiring, and environmental justice. We also provide legal advice and support to groups establishing community zoning boards, community land trusts, and using other approaches to ensure that the development in their communities is responsive to community needs and desires. Our housing group works to promote access to fair, safe, and affordable housing opportunities.

Settlement Assistance Program - In collaboration with the federal court, this program provides meaningful access to justice to indigent litigants with civil rights claims, including prisoners and victims of employment discrimination. Chicago Lawyers' Committee recruits, trains, and supports pro-bono counsel to assist these pro se litigants settle their cases without going to trial, providing swift resolution and an opportunity for closure.

Voting Rights and Civic Empowerment - Our Voting Rights and Civic Empowerment work is designed to ensure equitable access for all citizens, especially those who have been historically disenfranchised or underrepresented, in the election process and civic decision making.

Education Equity - Our Education Equity team protects and promotes access to education by addressing the individual and systemic barriers that disproportionately impact historically disadvantaged communities of color. Our methods include empowering and building partnerships with students and community groups, advocating for systemic reforms, and providing direct legal services to students at risk of losing access to education due to racial discrimination, harsh discipline, re-enrollment barriers, or involvement in the criminal justice system.

Basis of Accounting

The Organization's accounts are maintained on the accrual basis of accounting. Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has not designated any amounts from net assets without donor restrictions as of December 31, 2021.

Chicago Lawyers' Committee for Civil Rights Under Law, Inc.
Notes to the Financial Statements (Continued)
For the Year Ended December 31, 2021

Note 1 - Summary of Significant Accounting Policies (Continued)

Basis of Accounting (Continued)

Net Assets With Donor Restrictions - Net assets subject to donor-imposed or certain grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash and Cash Equivalents

The Organization considers all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to building projects, endowments that are perpetual in nature, or other long-term purposes are excluded from this definition.

Investments and Net Investment Return

Investments are originally recorded at cost if purchased or, if donated, at fair value on the date of donation. Thereafter, investments in marketable equity securities with readily determinable fair values are stated at fair value and real estate investments and equity securities without readily determinable fair values are stated at cost. Net investment return restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized. Net investment return consists of interest and dividend income, and when applicable, unrealized gains and losses, realized gains and losses, and investment fees.

Receivables and Allowance for Doubtful Accounts

The Organization records receivables that are expected to be collected within one year at net realizable value. Receivables that are expected to be collected in more than one year are recorded at present value. Generally accepted accounting principles prescribe receivables expected to be collected in more than one year to be initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset; in subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities. The Organization determines the allowance for receivables based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Receivables are written off when deemed uncollectible.

Chicago Lawyers' Committee for Civil Rights Under Law, Inc.
Notes to the Financial Statements (Continued)
For the Year Ended December 31, 2021

Note 1 - Summary of Significant Accounting Policies (Continued)

Fixed Assets

The Organization records fixed asset additions above \$1,000 at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using a straight-line depreciation method over the estimated useful lives of the assets of 3 - 5 years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The Organization reviews the carrying values of fixed assets for impairment whenever events or 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. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment at December 31, 2021.

Deferred Revenue

Exchange transactions in which a reciprocal transfer of assets occurs are recorded as deferred revenue if said transactions are unfulfilled as of year-end.

Revenue Recognition - Grants and Contributions

Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. Conditional promises to give are not recognized until they become unconditional. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-imposed contributions whose restrictions are met in the same reporting period are reported as net assets without donor restrictions. Net assets restricted for acquisition of buildings or equipment are reported as net assets with donor restrictions until the specified asset is placed in service by the Organization when the restrictions are released.

Revenue Recognition - Program Services

Program services revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for said services. The Organization typically bills for services prior to the delivery of services. Revenue is recognized as the underlying performance obligations are satisfied. Performance obligations are determined based on the nature of the services provided by the Organization. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges.

Chicago Lawyers' Committee for Civil Rights Under Law, Inc.
Notes to the Financial Statements (Continued)
For the Year Ended December 31, 2021

Note 1 - Summary of Significant Accounting Policies (Continued)

Revenue Recognition - Registrations and Sponsorships

The Organization typically hosts events during the course of the year. Registration fees for these events are billed to the participant at the time of registration. The event revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing the registrant access to the event and event materials. Revenue from these events is recognized at the point in time the event is held and the Organization's performance obligation to hold the event is completed. The Organization also provides members the opportunity to sponsor their events. Event sponsors pay for sponsorship packages for events in exchange for access for their representatives to the event itself, access to the event materials, and access to the members attending the events to promote their own businesses. Cash receipts for registrations and sponsorships collected in advance of the events are deferred as contract liabilities until the event is held, at which point the revenue is recognized.

Revenue Recognition - Disaggregation of Revenue

The following table disaggregates the Organization's revenue from contracts with customers based on the timing of satisfaction of performance obligations for the year ended December 31, 2021:

Revenue Recognized Over Time		
None	\$	0
Revenue Recognized at a Point in Time		
Attorney Fees		36,037
Contractual Services		35,000
Application Fees		15,000
Annual Benefit Revenue		300,353
Other Special Event Revenue		82,269
Miscellaneous		2,796
	\$	<u>471,455</u>

Income Taxes

The Organization is exempt from Federal and State income taxes under Section 501(c)(3) of the Internal Revenue Code, therefore, the financial statements do not include a provision for income taxes. The Organization reviews income tax positions taken or expected to be taken in income tax returns to determine if there are any income tax uncertainties. This includes positions that the entity is exempt from income taxes or not subject to income taxes on unrelated business income. The Organization recognizes tax benefits from uncertain tax positions only if it is more likely than not that the tax positions will be sustained on examination by taxing authorities, based on the technical merits of the positions. The Organization has identified no significant income tax uncertainties. The Organization files information returns as a tax-exempt organization. Should that status be challenged in the future, all years since inception could be subject to review by the IRS.

Functional Expense Allocation

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The Organization allocates functional expenses mainly on the basis of estimates of time and effort.

Chicago Lawyers' Committee for Civil Rights Under Law, Inc.
Notes to the Financial Statements (Continued)
For the Year Ended December 31, 2021

Note 1 - Summary of Significant Accounting Policies (Continued)

Use of Estimates

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

Advertising Costs

Organization uses advertising to promote its programs among the audiences it serves. The costs of advertising are expensed the first time the advertising takes place, except for direct-response advertising, which is capitalized and amortized over its expected period of future benefits. The Organization had no direct-response advertising during the year ended December 31, 2021.

Financial Instruments and Credit Risk

The Organization manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit, when applicable, with financial institutions believed to be creditworthy. At times, amounts on deposit may exceed insured limits. As of December 31, 2021, the Organization held deposits of \$160,989 above federally insured limits. To date, the Organization has not experienced losses in any of these accounts. Credit risk associated with receivables and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from reputable donors highly supportive of the Organization's mission. When applicable, although the fair values of investments are subject to fluctuation on a year-to-year basis, the Organization believes that the investment policies and guidelines are prudent for the long-term welfare of the Organization.

Note 2 - Investments and Net Investment Return

As of December 31, 2021, investments comprise of the following:

Mutual Funds	\$ 1,251,421
	<u>\$ 1,251,421</u>

For the year ended December 31, 2021, net investment return comprises of the following:

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Interest and Dividends	\$ 14,526	\$ 0	\$ 0
Realized Gain on Investments	7,546	0	0
Unrealized Gain on Investments	89,937	0	0
Netted Investment Management Fees	0	0	0
	\$ 112,009	\$ 0	\$ 0

Chicago Lawyers' Committee for Civil Rights Under Law, Inc.
Notes to the Financial Statements (Continued)
For the Year Ended December 31, 2021

Note 3 - Fair Value Measurements and Disclosures

When appropriate, the Organization reports certain assets and liabilities at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3: Unobservable inputs for the asset or liability. In these situations, we develop inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk, or liquidity profile of the asset or liability.

When appropriate, the Organization utilizes net asset value (NAV) per share, or its equivalent, such as member units or an ownership interest in partners' capital, as a practical expedient to estimate the fair values of certain investments e.g. hedge funds, private equity funds, funds of funds, and limited partnerships, which do not have readily determinable fair values. Investments that are measured at fair value using NAV per share as a practical expedient are not classified in the fair value hierarchy. The Organization has no investments valued at net asset value as of December 31, 2021. The following assets are measured at fair value as of December 31, 2021:

	Balance at December 31, 2021	Quoted Prices in Active Markets for Identical Assets (Level 1)	Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual Funds	\$ 1,251,421	\$ 1,251,421	\$ 0	\$ 0
	<u>\$ 1,251,421</u>	<u>\$ 1,251,421</u>	<u>\$ 0</u>	<u>\$ 0</u>

Chicago Lawyers' Committee for Civil Rights Under Law, Inc.
Notes to the Financial Statements (Continued)
For the Year Ended December 31, 2021

Note 4 - Accounts and Grants Receivable

At December 31, 2021, receivables comprise of the following:

Collectible During 2022	\$	476,637
Less: Discount to Net Present Value		0
Less: Allowance for Doubtful Accounts		0
		0
	\$	476,637

Note 5 - Conditional Grants

The Organization has grant agreements with donors that consists of providing conditional funding in future years. Conditional grant funding arrangements are as follows as of December 31, 2021:

Collectible During 2022 - Conditional	\$	20,000
Collectible During 2023 - Conditional		20,000
		40,000
	\$	40,000

A corresponding grants receivable has not been recorded on the statement of financial position as the conditional grants are contingent upon incurring qualifying expenditures. Conditional funding is recognized when the conditions on which they depend upon are substantially met.

Note 6 - Fixed Assets

At December 31, 2021, fixed assets comprise of the following:

Equipment	\$	16,491
Total Cost		16,491
Less: Accumulated Depreciation		(15,873)
		618
Fixed Assets, Net	\$	618

Depreciation expense amounts to \$352 for the year ended December 31, 2021.

Note 7 - Forgiveness of Notes Payable

The Organization was approved for a loan of \$278,361 on January 27, 2021 pursuant to the Paycheck Protection Program (the "PPP"). The PPP, established as part of the CARES Act, provided for loans to qualifying businesses for amounts up to 2.5 times the average monthly payroll expenses of the qualifying business. The notes payable bore interest at a rate of 1.00% per annum and were unsecured.

During the year ended December 31, 2021, the Organization satisfied \$278,361 of the requirements for loan forgiveness and the PPP loan was forgiven by the Small Business Administration. Revenue recognized from the loan forgiveness amounts to \$278,361 for the year ended December 31, 2021. The corresponding revenue from the loan forgiveness is presented within grants and contribution revenue on the statement of activities as of December 31, 2021.

Chicago Lawyers' Committee for Civil Rights Under Law, Inc.
Notes to the Financial Statements (Continued)
For the Year Ended December 31, 2021

Note 8 - In-Kind Donations

Donated Goods, Donated Space, and Donated Services

Donated services are recognized as revenues at their estimated fair value when they create or enhance nonfinancial assets or they require specialized skills which would need to be purchased if they were not donated. Volunteers contribute significant amounts of time to the Organization's program services, administration, and fundraising activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. For the year ended December 31, 2021, the Organization received no donated services that met the recognition criteria prescribed by generally accepted accounting principles.

Donated goods are recorded at fair value on the date of donation. No donated goods were received by the Organization during the year ended December 31, 2021.

Donated space is recorded at fair value on the date of donation. No donated space was received by the Organization during the year ended December 31, 2021.

Note 9 - Leases Commitments

During 2014, the Organization entered into a lease for its Chicago office space commencing January 2015. The lease requires base monthly rental payments ranging from \$13,451 to \$16,037 over the lease term, and expires on August 31, 2025. In addition to the monthly lease payments, the Organization is also liable for a proportionate share of operating expenses and property taxes.

The lease provides for seven months of rent abatement throughout the term, as well as scheduled rent increases, all of which are required to be recognized ratably in accordance with generally accepted accounting principles. Accordingly, the amount of rent expense does not coincide with cash payments. This gives rise to a deferred rent liability which is being amortized over the term of the lease. The deferred rent liability at December 31, 2021 amounts to \$42,725. Rent expense amounts to \$204,162 for the year ended December 31, 2021. Future minimum lease payments are as follows:

	Cash Basis Payments	Straight-Line Payments	Deferred Rent Reduction
For the Year Ended December 31, 2022	\$ 167,875	\$ 167,322	\$ (553)
2023	170,720	167,322	(3,398)
2024	189,344	167,322	(22,022)
2025	128,299	111,547	(16,752)
	<u>\$ 656,238</u>	<u>\$ 613,513</u>	<u>\$ (42,725)</u>

Chicago Lawyers' Committee for Civil Rights Under Law, Inc.
Notes to the Financial Statements (Continued)
For the Year Ended December 31, 2021

Note 10 - Net Asset Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods at December 31, 2021:

<i>Net Asset Restrictions Outstanding at Year-end - Temporary</i>	
Subject to Expenditure for Specific Purpose:	
Various Programs	\$ 301,696
Total Subject to Expenditure for Specific Purpose	<u>301,696</u>
Subject to Passage of Time:	
Expiring During the Year Ended December 31, 2022	215,000
Expiring During the Year Ended December 31, 2023	31,250
Expiring During the Year Ended December 31, 2024	<u>5,000</u>
Total Subject to Passage of Time	<u>251,250</u>
Total Net Assets with Restrictions	<u><u>\$ 552,946</u></u>

Net assets were released from donor restrictions by incurring expenses satisfying the purpose restrictions or by the occurrence of the passage of time or other events specified by donors during the year ended December 31, 2021:

<i>Net Asset Restrictions Released - Temporary</i>	
Purpose Restrictions Accomplished:	
Various Programs	\$ 101,379
Total Purpose Restrictions Accomplished	<u>101,379</u>
Time Restrictions Expired:	
Expired During the Year Ended December 31, 2021	<u>339,806</u>
Total Time Restrictions Expired	<u>339,806</u>
Total Restrictions Released	<u><u>\$ 441,185</u></u>

Note 11 - Concentration of Funding

The Organization continuously attempts to diversify its donor and revenue base, and as such, does not have a major revenue concentration from a specific funder for the year ended December 31, 2021.

Note 12 - Retirement Plan

The Organization provides retirement benefits for eligible employees under a 403(b) tax deferred annuity plan. Under the plan the Organization may match employee contributions up to 3%. Organization contributions for the year ended December 31, 2020 amounted to \$23,627.

Chicago Lawyers' Committee for Civil Rights Under Law, Inc.
Notes to the Financial Statements (Continued)
For the Year Ended December 31, 2021

Note 13 - Liquidity and Availability of Financial Assets

At December 31, 2021, the Organization has \$2,202,776 of financial assets, excluding non-spendable financial assets, available for general expenditures within one year of the balance sheet date. Of this amount, \$552,946 of financial assets are subject to donor timing or purpose restrictions, excluding general operation restrictions, expiring within one year. No other contractual restrictions exist that make current financial assets unavailable for general expenditure within one year of the balance sheet date. As of December 31, 2021, the Organization does not expect that its liquidity will deteriorate.

Financial assets available within one year for general expenditures comprise of the following:

Financial Assets Available for General Expenditure:	
Cash and Cash Equivalents	\$ 474,718
Investments	1,251,421
Grants and Other Receivables	<u>476,637</u>
Total Financial Assets Available for General Expenditure	2,202,776
Less: Financial Assets Pledged as Collateral	0
Less: Financial Assets Subject to Net Asset Restrictions	<u>(552,946)</u>
Total Financial Assets Available for General Expenditure	<u>\$ 1,649,830</u>

Note 14 - Prior Period Adjustment

At December 31, 2021, a prior period adjustment of \$4,042 was made between net assets without donor restrictions and net assets with donor restrictions in order to correct the beginning balance of net asset restrictions.

Note 15 - Upcoming Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, Leases, which will supersede the current lease requirements in ASC 840. The ASU requires lessees to recognize a right-of-use asset and related lease liability for all leases, with a limited exception for short-term leases. Leases will be classified as either finance or operating, with the classification affecting the pattern of expense recognition in the statement of activities. Currently, leases are classified as either capital or operating, with only capital leases recognized on the statement of financial position. The reporting of lease-related expenses in the statement of activities and cash flows will be generally consistent with the current guidance. The new lease guidance will be effective for the Organization's year ending December 31, 2022 and will be applied using a modified retrospective transition method to the beginning of the earliest period presented. The new lease standard is not expected to have a significant effect on the Organization's statement of financial position.

Note 16 - Subsequent Events

The date to which events occurring after December 31, 2021, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosure is May 2, 2022, which is the date on which the financial statements were available to be issued.

Chicago Lawyers' Committee for Civil Rights Under Law, Inc.
Schedule of Unrestricted Revenue, Support and Gains
For the Year Ended December 31, 2021

Program Services

	Transactional Legal Assistance	Equitable Community Development and Housing	Settlement Assistance Program	Voting Rights & Civic Empowerment	Education Equity	Other Programs	Total Program Services	Management and General	Fundraising	Total
Revenue, Support and Gains										
Grants and Contributions										
Foundations and Corporations	\$ 51,500	\$ 193,488	\$ 15,000	\$ 245,910	\$ 129,275	\$ 0	\$ 635,173	\$ 387,681	\$ 0	\$1,022,854
Governments	0	312,995	0	0	0	0	312,995	295,838	0	608,833
Law Firm Memberships	0	0	0	0	0	0	0	280,625	0	280,625
Individuals	77	0	0	0	0	539	616	47,317	0	47,933
Program Fees and Earned Income										
Attorney Fees	0	6,037	0	0	30,000	0	36,037	0	0	36,037
Contractual Services	0	10,000	25,000	0	0	0	35,000	0	0	35,000
Application fees	15,000	0	0	0	0	0	15,000	0	0	15,000
Annual Benefit										
Annual Benefit Revenue	0	0	0	0	0	0	0	0	300,353	300,353
Direct Expenses	0	0	0	0	0	0	0	0	(70,180)	(70,180)
Other Special Events										
Other Special Event Revenue	81,919	0	0	0	0	0	81,919	350	0	82,269
Direct Expenses	0	0	0	0	0	0	0	0	(5,750)	(5,750)
Net Investment Return	0	0	0	0	0	0	0	112,009	0	112,009
Miscellaneous	71	0	0	150	0	0	221	2,575	0	2,796
Total Revenue, Support & Gains	\$ 148,567	\$ 522,520	\$ 40,000	\$ 246,060	\$ 159,275	\$ 539	\$ 1,116,961	\$ 1,126,395	\$ 224,423	\$2,467,779