



**FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017**

VICTIM RIGHTS LAW CENTER, INC.

Contents
September 30, 2018 and 2017

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Independent Auditor's Report

To the Board of Directors of
Victim Rights Law Center, Inc.:

Report on the Financial Statements

We have audited the accompanying financial statements of Victim Rights Law Center, Inc. (a Massachusetts corporation, not-for-profit), which comprise the statements of financial position as of September 30, 2018 and 2017, and the related statements of activities and changes in net assets, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Victim Rights Law Center, Inc. as of September 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Alexander, Crosser, Fenning & Co., P.C.
Westborough, Massachusetts
April 15, 2019

VICTIM RIGHTS LAW CENTER, INC.

Statements of Financial Position
September 30, 2018 and 2017

Assets	2018			2017		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Current Assets:						
Cash	\$ 117,606	\$ 31,071	\$ 148,677	\$ 82,029	\$ 81,659	\$ 163,688
Accounts receivable	588,859	-	588,859	479,173	-	479,173
Prepaid expenses	34,893	-	34,893	32,984	-	32,984
Total current assets	741,358	31,071	772,429	594,186	81,659	675,845
Equipment, net	34,583	-	34,583	26,209	-	26,209
Deposits	29,683	-	29,683	26,993	-	26,993
Total assets	<u>\$ 805,624</u>	<u>\$ 31,071</u>	<u>\$ 836,695</u>	<u>\$ 647,388</u>	<u>\$ 81,659</u>	<u>\$ 729,047</u>
Liabilities and Net Assets						
Current Liabilities:						
Line of credit	\$ 100,000	\$ -	\$ 100,000	\$ -	\$ -	\$ -
Accounts payable and accrued expenses	182,163	-	182,163	139,679	-	139,679
Deferred revenue	57,787	-	57,787	-	-	-
Total current liabilities	339,950	-	339,950	139,679	-	139,679
Net Assets:						
Unrestricted:						
Operating	431,091	-	431,091	481,500	-	481,500
Equipment	34,583	-	34,583	26,209	-	26,209
Total unrestricted	465,674	-	465,674	507,709	-	507,709
Temporarily restricted	-	31,071	31,071	-	81,659	81,659
Total net assets	465,674	31,071	496,745	507,709	81,659	589,368
Total liabilities and net assets	<u>\$ 805,624</u>	<u>\$ 31,071</u>	<u>\$ 836,695</u>	<u>\$ 647,388</u>	<u>\$ 81,659</u>	<u>\$ 729,047</u>

The accompanying notes are an integral part of these statements.

VICTIM RIGHTS LAW CENTER, INC.

Statements of Activities and Changes in Net Assets
For the Years Ended September 30, 2018 and 2017

	2018			2017		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Operating Revenues and Support:						
Special events:						
Contributions, support and ticket revenue	\$ 274,628	\$ -	\$ 274,628	\$ 283,612	\$ -	\$ 283,612
Less - direct expenses	100,442	-	100,442	89,054	-	89,054
Special events, net	174,186	-	174,186	194,558	-	194,558
Contract service revenue	2,203,921	-	2,203,921	1,618,446	-	1,618,446
Donated goods and services	450,310	-	450,310	464,550	-	464,550
Grants and contributions	86,308	15,500	101,808	52,320	71,600	123,920
Program service fees	63,530	-	63,530	30,567	-	30,567
Interest and other income	11,790	-	11,790	1,495	-	1,495
Net assets released from purpose restrictions	66,088	(66,088)	-	25,017	(25,017)	-
Total operating revenues and support	3,056,133	(50,588)	3,005,545	2,386,953	46,583	2,433,536
Operating Expenses:						
Program services:						
Client Services	2,041,384	-	2,041,384	1,857,019	-	1,857,019
National Training and Technical Assistance	800,408	-	800,408	310,538	-	310,538
Total program services	2,841,792	-	2,841,792	2,167,557	-	2,167,557
Supporting services:						
General and administrative	109,246	-	109,246	89,988	-	89,988
Development	169,044	-	169,044	132,533	-	132,533
Total supporting services	278,290	-	278,290	222,521	-	222,521
Total operating expenses	3,120,082	-	3,120,082	2,390,078	-	2,390,078
Changes in net assets from operations	(63,949)	(50,588)	(114,537)	(3,125)	46,583	43,458
Non-Operating Revenue:						
Capital grant	21,914	-	21,914	-	-	-
Changes in net assets	(42,035)	(50,588)	(92,623)	(3,125)	46,583	43,458
Net Assets:						
Beginning of year	507,709	81,659	589,368	510,834	35,076	545,910
End of year	\$ 465,674	\$ 31,071	\$ 496,745	\$ 507,709	\$ 81,659	\$ 589,368

The accompanying notes are an integral part of these statements.

VICTIM RIGHTS LAW CENTER, INC.Statements of Cash Flows
For the Years Ended September 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash Flows from Operating Activities:		
Changes in net assets	\$ (92,623)	\$ 43,458
Adjustments to reconcile changes in net assets to net cash used in operating activities:		
Depreciation	15,260	13,477
Capital grant	(21,914)	-
Changes in operating assets and liabilities:		
Accounts receivable	(109,686)	(214,869)
Prepaid expenses	(1,909)	(4,668)
Deposits	(2,690)	-
Accounts payable and accrued expenses	42,484	25,326
Deferred revenue	57,787	-
	<u>(113,291)</u>	<u>(137,276)</u>
Net cash used in operating activities		
	<u>(113,291)</u>	<u>(137,276)</u>
Cash Flows from Investing Activities:		
Acquisition of equipment	<u>(23,634)</u>	<u>(11,617)</u>
Cash Flows from Financing Activities:		
Capital grant	21,914	-
Proceeds from line of credit	<u>100,000</u>	<u>-</u>
	<u>121,914</u>	<u>-</u>
Net cash provided by financing activities		
	<u>121,914</u>	<u>-</u>
Net Change in Cash	(15,011)	(148,893)
Cash:		
Beginning of year	<u>163,688</u>	<u>312,581</u>
End of year	<u>\$ 148,677</u>	<u>\$ 163,688</u>
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest	<u>\$ 1,033</u>	<u>\$ -</u>

VICTIM RIGHTS LAW CENTER, INC.

Statement of Functional Expenses
 For the Year Ended September 30, 2018
 (With Summarized Comparative Totals for the Year Ended September 30, 2017)

	2018					2017	
	Program Services			Supporting Services		Total	Total
	Client Services	National Training and Technical Assistance	Total Program Services	General and Administrative	Development		
Expenses:							
Salaries and related:							
Salaries	\$ 877,228	\$ 420,503	\$ 1,297,731	\$ 39,900	\$ 103,328	\$ 1,440,959	\$ 1,091,827
Donated client legal services	434,350	-	434,350	-	-	434,350	464,550
Employee benefits	97,249	42,411	139,660	4,136	7,846	151,642	73,223
Payroll taxes	71,726	33,629	105,355	3,454	8,631	117,440	92,875
Total salaries and related	<u>1,480,553</u>	<u>496,543</u>	<u>1,977,096</u>	<u>47,490</u>	<u>119,805</u>	<u>2,144,391</u>	<u>1,722,475</u>
Occupancy	<u>141,022</u>	<u>75,766</u>	<u>216,788</u>	<u>4,794</u>	<u>6,795</u>	<u>228,377</u>	<u>184,851</u>
Other costs:							
Professional fees	166,568	74,592	241,160	14,061	24,004	279,225	200,796
Audit and accounting	107,082	39,727	146,809	3,435	9,240	159,484	117,772
Travel	36,812	45,248	82,060	3,519	1,040	86,619	37,872
Office	32,782	5,789	38,571	6,250	395	45,216	16,574
Training and conferences	2,248	31,920	34,168	324	500	34,992	10,251
Telephone	14,552	8,194	22,746	750	1,518	25,014	14,542
Technical support	12,506	6,613	19,119	726	1,404	21,249	18,319
Printing and postage	10,524	3,827	14,351	712	1,879	16,942	6,412
Miscellaneous	11,245	1,190	12,435	4,270	-	16,705	23,667
Donated professional services	-	-	-	15,960	-	15,960	-
Depreciation	4,425	4,425	8,850	5,037	1,373	15,260	13,477
Minor equipment and maintenance	10,767	2,321	13,088	-	285	13,373	7,892
Insurance	8,138	3,871	12,009	454	806	13,269	10,896
Professional development	2,060	-	2,060	292	-	2,352	3,364
Meals	100	382	482	1,172	-	1,654	918
Total other costs	<u>419,809</u>	<u>228,099</u>	<u>647,908</u>	<u>56,962</u>	<u>42,444</u>	<u>747,314</u>	<u>482,752</u>
Total operating expenses before general and administrative allocation	<u>2,041,384</u>	<u>800,408</u>	<u>2,841,792</u>	<u>109,246</u>	<u>169,044</u>	<u>3,120,082</u>	<u>2,390,078</u>
General and administrative allocation	<u>78,476</u>	<u>30,770</u>	<u>109,246</u>	<u>(109,246)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total operating expenses	<u>\$ 2,119,860</u>	<u>\$ 831,178</u>	<u>\$ 2,951,038</u>	<u>\$ -</u>	<u>\$ 169,044</u>	<u>\$ 3,120,082</u>	<u>\$ 2,390,078</u>

The accompanying notes are an integral part of these statements.

VICTIM RIGHTS LAW CENTER, INC.

Statement of Functional Expenses
For the Year Ended September 30, 2017

	Program Services			Supporting Services		Total
	Client Services	National Training and Technical Assistance	Total Program Services	General and Administrative	Development	
Expenses:						
Salaries and related:						
Salaries	\$ 807,232	\$ 158,331	\$ 965,563	\$ 40,222	\$ 86,042	\$ 1,091,827
Donated client legal services	464,550	-	464,550	-	-	464,550
Employee benefits	56,654	8,571	65,225	2,931	5,067	73,223
Payroll taxes	67,556	14,157	81,713	3,756	7,406	92,875
Total salaries and related	<u>1,395,992</u>	<u>181,059</u>	<u>1,577,051</u>	<u>46,909</u>	<u>98,515</u>	<u>1,722,475</u>
Occupancy	<u>129,012</u>	<u>39,052</u>	<u>168,064</u>	<u>8,406</u>	<u>8,381</u>	<u>184,851</u>
Other costs:						
Professional fees	138,610	44,541	183,151	8,211	9,434	200,796
Audit and accounting	92,858	13,041	105,899	4,338	7,535	117,772
Travel	25,855	7,274	33,129	4,666	77	37,872
Office	11,028	4,503	15,531	596	447	16,574
Training and conferences	1,947	7,649	9,596	655	-	10,251
Telephone	9,703	3,168	12,871	832	839	14,542
Technical support	13,695	2,618	16,313	992	1,014	18,319
Printing and postage	4,080	-	4,080	221	2,111	6,412
Miscellaneous	13,827	-	13,827	8,032	1,808	23,667
Depreciation	3,914	3,914	7,828	4,447	1,202	13,477
Minor equipment and maintenance	4,904	1,659	6,563	579	750	7,892
Insurance	7,985	1,654	9,639	837	420	10,896
Professional development	3,364	-	3,364	-	-	3,364
Meals	245	406	651	267	-	918
Total other costs	<u>332,015</u>	<u>90,427</u>	<u>422,442</u>	<u>34,673</u>	<u>25,637</u>	<u>482,752</u>
Total operating expenses before general and administrative allocation	<u>1,857,019</u>	<u>310,538</u>	<u>2,167,557</u>	<u>89,988</u>	<u>132,533</u>	<u>2,390,078</u>
General and administrative allocation	<u>77,096</u>	<u>12,892</u>	<u>89,988</u>	<u>(89,988)</u>	<u>-</u>	<u>-</u>
Total operating expenses	<u>\$ 1,934,115</u>	<u>\$ 323,430</u>	<u>\$ 2,257,545</u>	<u>\$ -</u>	<u>\$ 132,533</u>	<u>\$ 2,390,078</u>

The accompanying notes are an integral part of these statements.

VICTIM RIGHTS LAW CENTER, INC.

Notes to Financial Statements
September 30, 2018 and 2017

1. OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES

OPERATIONS AND NONPROFIT STATUS

Victim Rights Law Center, Inc. (VRLC) is a Massachusetts corporation, founded in 2000, and established as a not-for-profit corporation in 2002. VRLC is headquartered in Boston, Massachusetts with a second office in Portland, Oregon.

The mission of VRLC is:

- To provide legal representation to victims of sexual assault to help rebuild their lives; and
- To promote a national movement committed to seeking justice for every rape and sexual assault victim.

In Massachusetts and in Clackamas, Multnomah and Washington Counties in Oregon, VRLC staff attorneys and a panel of VRLC trained pro bono and low bono lawyers provide free, holistic, comprehensive legal representation to victims of sexual assault in the areas of education (K-12 and campus sexual assault), employment, housing, immigration, privacy, safety, financial stability, and criminal advocacy relating to the impact of the rape or sexual assault. During fiscal years 2018 and 2017, 824 and 723 clients were served, respectively. Each client typically has an average of two to three separate and distinct legal needs.

Nationally, VRLC provides training, technical assistance, mentoring, and support to lawyers, community advocates, sexual assault nurse examiners, medical professionals, advocates, military personnel, college administrators, rape crisis center counsels, and other community partners. In fiscal years 2018 and 2017, VRLC trained over 3,200 and 2,900 individuals, respectively, in Massachusetts, Oregon, and throughout the country to develop community partnerships, strengthen victim referral pipelines to VRLC, as well as to locally and nationally improve the response to sexual violence.

VRLC, with the support of pro bono attorneys, also submits amicus briefs in Massachusetts, signs onto amicus briefs in other states, and submitted its first brief to the U.S. Supreme Court in 2013, in order to lend our unique legal lens as civil attorneys solely focused on representing sexual assault survivors to the national legal dialogue.

VRLC attorneys have their feet on the ground working with individual sexual assault survivors in Massachusetts and Oregon and their finger on the pulse nationally through training. VRLC is committed to leading a new response to sexual violence that helps survivors stabilize and rebuild their lives.

VRLC is exempt from Federal income taxes as an organization (not a private foundation) formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC). VRLC is also exempt from state income taxes. Donors may deduct contributions made to VRLC within the IRC requirements.

SIGNIFICANT ACCOUNTING POLICIES

VRLC prepares its financial statements in accordance with generally accepted accounting standards and principles (U.S. GAAP) established by the Financial Accounting Standards Board (FASB). References to U.S. GAAP in these notes are to the FASB Accounting Standards Codification (ASC).

VICTIM RIGHTS LAW CENTER, INC.

Notes to Financial Statements
September 30, 2018 and 2017

1. OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

Special events revenue is recorded when received. Contract service revenue is recorded over the contract period as services are provided. Unrestricted grants and contributions are recorded as revenue when received or unconditionally pledged. Program service fees are recorded as services are provided. Interest and other income are recorded as earned.

Restricted grants and contributions are recorded as temporarily restricted revenues and net assets when received or unconditionally pledged. Transfers are made to unrestricted net assets as donor restrictions have been satisfied.

Contract service revenue received in advance of services being provided by VRLC is reported as deferred revenue.

Equipment and Depreciation

Purchased equipment is recorded at cost. Donated equipment is recorded at fair value at the time of donation. Renewals and betterments are capitalized, while repairs and maintenance are expensed as incurred.

Depreciation is computed using the straight-line method over the following estimated useful lives:

	<u>Estimated Useful Lives</u>
Office equipment and furniture	3 - 7 years
Website	3 - 5 years

Accounts Receivables and Allowance for Doubtful Accounts

Accounts receivable are recorded at the invoiced amount and do not bear interest. The allowance for doubtful accounts is recorded based on management's analysis of specific amounts and their estimate of any amount that may be uncollectible. There was no allowance for doubtful accounts deemed necessary at September 30, 2018 or 2017.

Donated Goods and Services

Volunteers, employees and other organizations contribute goods and services to VRLC in support of various aspects of its programs. These goods and services are reflected in the accompanying financial statements based upon the estimated value assigned to them by donating volunteers, agencies, and management. The value of these goods and services is as follows for the years ended September 30:

	<u>2018</u>	<u>2017</u>
Donated client legal services	\$ 434,350	\$ 464,550
Other goods and services	<u>15,960</u>	<u>-</u>
	<u>\$ 450,310</u>	<u>\$ 464,550</u>

VICTIM RIGHTS LAW CENTER, INC.

Notes to Financial Statements
September 30, 2018 and 2017

1. OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Goods and Services (Continued)

Additionally, included in special events contributions, support and ticket revenue and special event direct expense for the years ended September 30, 2018 and 2017, is donated goods of \$11,116 and \$14,076, respectively.

Expense Allocations

Expenses related directly to a function are distributed to that program, while other expenses are allocated based upon management's estimate of the percentage attributable to each function.

Subsequent Events

Subsequent events have been evaluated through April 15, 2019, which is the date the financial statements were available to be issued. See Note 5 for events that occurred subsequent to year end that met the criteria for recognition or disclosure in the financial statements.

Fair Value Measurements

VRLC follows the accounting and disclosure standards pertaining to ASC Topic, *Fair Value Measurements*, for qualifying assets and liabilities. Fair value is defined as the price that VRLC would receive upon selling an asset or pay to settle a liability in an orderly transaction between market participants.

VRLC uses a framework for measuring fair value that includes a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value. This hierarchy is broken down into three levels based on inputs that market participants would use in valuing the financial instruments based on market data obtained from sources independent of VRLC. Inputs refer broadly to the assumptions that market participants would use in pricing the financial instrument, 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 financial instrument developed 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 developed based on the best information available.

The three-tier hierarchy of inputs is summarized in the three broad levels as follows:

Level 1 - Inputs that reflect unadjusted quoted prices in active markets for identical assets at the measurement date.

Level 2 - Inputs other than quoted prices that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3 - Inputs that are unobservable and which require significant judgment or estimation.

An asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement. All qualifying assets and liabilities are valued using Level 1 inputs.

VICTIM RIGHTS LAW CENTER, INC.

Notes to Financial Statements
September 30, 2018 and 2017

1. OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of financial statements in accordance with U.S. GAAP 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.

Income Taxes

VRLC accounts for uncertainty in income taxes in accordance with ASC Topic, *Income Taxes*. This standard clarifies the accounting for uncertainty in tax positions and prescribes a recognition threshold and measurement attribute for the financial statements regarding a tax position taken or expected to be taken in a tax return. VRLC has determined that there are no uncertain tax positions which qualify for either recognition or disclosure in the financial statements at September 30, 2018 and 2017. VRLC's information returns are subject to examination by the Federal and state jurisdictions.

2. EQUIPMENT

Equipment consist of the following at September 30:

	<u>2018</u>	<u>2017</u>
Office equipment and furniture	\$ 88,837	\$ 65,203
Website	<u>20,000</u>	<u>20,000</u>
	108,837	85,203
Less - accumulated depreciation	<u>74,254</u>	<u>58,994</u>
Net equipment	<u>\$ 34,583</u>	<u>\$ 26,209</u>

3. NET ASSETS

Unrestricted Net Assets

Unrestricted net assets are those net resources that bear no external restrictions and are generally available for use by VRLC. VRLC has grouped its unrestricted net assets into the following categories:

Operating net assets - represent funds available to carry on the operations of VRLC.

Equipment net assets - reflect and account for the activities relating to VRLC's equipment.

Temporarily Restricted Net Assets

VRLC receives contributions and grants which are designated by donors for specific purposes. These contributions are recorded as temporarily restricted net assets until they are expended for their designated purposes. As of September 30, 2018 and 2017, temporarily restricted net assets consist of funds that are restricted by donors for future program use.

VICTIM RIGHTS LAW CENTER, INC.

Notes to Financial Statements
September 30, 2018 and 2017

4. LINE OF CREDIT

VRLC has a revolving line of credit agreement with a bank that allows for borrowings of up to \$200,000. Borrowings under the agreement are due on demand and interest is payable monthly at the bank's base lending rate (5.25% and 4.25% at September 30, 2018 and 2017, respectively), plus 1.5%. The line of credit is secured by all assets of VRLC. This line of credit is renewable annually in December and was renewed in December 2018. The line of credit agreement contains administrative covenants with which VRLC must comply. VRLC was in compliance with all of the covenants except one administrative covenant at September 30, 2018, for which a waiver was granted. VRLC was in compliance with the covenants as of September 30, 2017.

5. OPERATING LEASES

VRLC rents office space in Boston, Massachusetts under an operating lease agreement that originally expired in November 2018. During fiscal year 2018, VRLC extended this lease through March 2024. Under this agreement, VRLC is also responsible for its proportionate share of common area costs and real estate taxes. As an incentive to extend the lease, VRLC received four free months of rent in fiscal year 2019. VRLC records rent expense under the agreement based on the straight-line basis, in accordance with the *Accounting for Leases* standards under U.S. GAAP. As defined in the lease agreement, VRLC provided its landlord with a security deposit totaling \$26,993 as of September 30, 2018 and 2017, which is included in deposits in the accompanying statements of financial position.

During fiscal year 2018, VRLC entered into two additional lease agreements to rent office space in other parts of Massachusetts. One lease required monthly rent payments of \$1,100 through March 31, 2019. This lease was renewed for expanded space subsequent to year end for an additional twelve months of rent payments of \$1,950, expiring March 30, 2020. The other lease requires monthly rent payments of \$490 through May 31, 2019. VRLC may continue in this lease as a tenant-at-will if neither party gives notice of termination thirty days prior to May 31, 2019. As defined in the lease agreements, VRLC provided its landlords with security deposits totaling \$2,690, which is included in deposits in the accompanying 2018 statement of financial position.

In May 2018, VRLC signed a new lease for office space in Portland, Oregon through April 30, 2021. Monthly rental payments under this lease are \$5,254 and increase annually.

In January 2019, VRLC signed a new lease for office space in Worcester, Massachusetts through December 31, 2019. This lease requires monthly rent payments of \$800 and will be automatically renewed for one additional year unless either party gives notice of termination within 90 days of the end of the original lease term. In the event the lease renews, the annual rent payments will increase 3%.

In addition, VRLC leases equipment under an operating lease agreement. This agreement expires in May 2021.

Total rent expense for fiscal years 2018 and 2017 was \$214,110 and \$175,968, respectively, and is included in occupancy in the accompanying statements of functional expenses.

Remaining minimum annual rentals for the non-cancelable portions of the leases are as follows:

<u>Fiscal Years</u>	<u>Facility</u>	<u>Equipment</u>
2019	\$ 193,877	\$ 2,392
2020	\$ 245,873	\$ 2,392
2021	\$ 208,398	\$ 1,595
2022	\$ 172,734	\$ -
2023	\$ 176,088	\$ -
Thereafter	\$ 88,884	\$ -

VICTIM RIGHTS LAW CENTER, INC.

Notes to Financial Statements
September 30, 2018 and 2017

6. RETIREMENT PLAN

VRLC has established a defined contribution retirement plan (the Plan) under IRC Section 403(b) covering all benefit eligible employees. Employees become eligible if they work more than 20 hours per week and complete three months of employment. VRLC makes a matching contribution to the Plan up to 2% of eligible employee salaries. VRLC contributed \$19,949 and \$11,713 to the Plan during fiscal years 2018 and 2017, respectively, which is included in employee benefits in the accompanying statements of functional expenses.

7. RELATED PARTY TRANSACTIONS

The Executive Director of VRLC is also a voting member of the Board of Directors and abstains from voting on matters pertaining to her compensation.

8. CONCENTRATIONS

Funding

Funding agencies and donors exceeding 10% of VRLC's operating revenues and support or accounts receivable as of and for the years ended September 30, 2018 and 2017, are as follows:

<u>Funder</u>	<u>Operating Revenues and Support %</u>		<u>Accounts Receivable %</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Federal Department of Justice	55%	56%	50%	61%
Federal contract pass-through	27%	23%	38%	30%

Federal contract pass-through funding originates with the Federal Department of Justice and is passed through to VRLC from various state and nonprofit organizations.

Payments to VRLC are subject to audit by the appropriate government agency. In the opinion of management, the results of such audits, if any, will not have a material effect on the financial position of VRLC as of September 30, 2018 and 2017, or on the changes in net assets for the years then ended.

Credit Risk

VRLC maintains its cash in one bank in Massachusetts and its balances are insured within the limits of the Federal Deposit Insurance Corporation (FDIC). At certain times during the year, cash balances may exceed the insured amounts. VRLC has not experienced any losses in such accounts. VRLC believes it is not exposed to any significant credit risk on cash.