

**INTERNATIONAL SENIOR
LAWYERS' CORPORATION**

**Financial Statements
for the year ended
December 31, 2021**

Independent Auditor's Report

To the Board of Directors of
International Senior Lawyers' Corporation

We have audited the accompanying financial statements of International Senior Lawyers' Corporation ("ISLP") which comprise the statement 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 ISLP as of December 31, 2021 and the results of its activities 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

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 ISLP 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 ISLP'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 ISLP'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 ISLP'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.

Carrie O'Leary Sullivan & Donnelly LLP

INTERNATIONAL SENIOR LAWYERS' CORPORATION

**Statement of Financial Position
December 31, 2021**

Assets

Cash and cash equivalents	\$1,277,646
Investments, at fair value	359,855
Contributions receivable	43,449
Prepaid expenses and other	58,546
Leasehold improvements, furniture and equipment, net	<u>16,745</u>
Total assets	<u>\$1,756,241</u>

Liabilities and Net Assets

Liabilities

Accounts payable and accrued expenses	<u>\$ 51,130</u>
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Net assets

Without donor restrictions	
Operations	897,943
Emergency Reserve	130,000
Cash Flow Reserve	<u>130,000</u>
Total without donor restrictions	1,157,943
With donor restrictions	<u>547,168</u>
Total net assets	<u>1,705,111</u>
Total liabilities and net assets	<u>\$1,756,241</u>

See notes to financial statements.

INTERNATIONAL SENIOR LAWYERS' CORPORATION

Statement of Activities
Year Ended December 31, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenue			
Grants and contributions			
Foundations and corporations	\$ 327,111	\$ 743,170	\$1,070,281
Individuals and Board members	374,680	-	374,680
Law firms	257,980	-	257,980
Government	238,746	-	238,746
Contributed services	7,083,529	-	7,083,529
Fees for service	54,051	-	54,051
Investment return	29,697	-	29,697
Other	200	-	200
Net assets released from restrictions	<u>672,581</u>	<u>(672,581)</u>	<u>-</u>
Total support and revenue	<u>9,038,575</u>	<u>70,589</u>	<u>9,109,164</u>
Expenses			
Program services	7,847,463	-	7,847,463
Administrative and general	274,703	-	274,703
Fund-raising	249,496	-	249,496
Total expenses	<u>8,371,662</u>	<u>-</u>	<u>8,371,662</u>
Increase in net assets	666,913	70,589	737,502
Net assets, beginning of year	<u>491,030</u>	<u>476,579</u>	<u>967,609</u>
Net assets, end of year	<u>\$1,157,943</u>	<u>\$ 547,168</u>	<u>\$1,705,111</u>

See notes to financial statements.

INTERNATIONAL SENIOR LAWYERS' CORPORATION

Statement of Functional Expenses

Year Ended December 31, 2021

	<u>Program Services</u>	<u>Administrative and General</u>	<u>Fund- Raising</u>	<u>Total</u>
Salaries and payroll taxes	\$ 487,674	\$ 144,555	\$ 120,554	\$ 752,783
Other professional fees	170,987	93,231	93,823	358,041
Occupancy	64,452	19,447	15,933	99,832
Insurance	3,796	1,145	938	5,879
Other	<u>37,025</u>	<u>16,325</u>	<u>18,248</u>	<u>71,598</u>
Sub-total	763,934	274,703	249,496	1,288,133
Donated legal services	<u>7,083,529</u>	<u>-</u>	<u>-</u>	<u>7,083,529</u>
Total	<u>\$ 7,847,463</u>	<u>\$ 274,703</u>	<u>\$ 249,496</u>	<u>\$ 8,371,662</u>

See notes to financial statements.

INTERNATIONAL SENIOR LAWYERS' CORPORATION

**Statement of Cash Flows
Year Ended December 31, 2021**

Cash flows from operating activities	
Increase in net assets	\$ 737,502
Adjustments to reconcile increase in net assets to net cash provided by operating activities	
Forgiveness of Paycheck Protection Program	(119,457)
Depreciation and amortization	6,218
Net realized and unrealized (gain) on investments	(2,517)
Decrease in contributions receivable	54,013
Decrease in prepaid expenses and other	4,710
Increase in accounts payable and accrued expenses	<u>21,408</u>
Net cash provided by operating activities	<u>701,877</u>
Cash flows from investing activities	
Proceeds from sale of investments	28,967
Purchases of investments	(27,077)
Purchases of furniture and equipment	<u>(1,198)</u>
Net cash provided by investing activities	<u>692</u>
Net increase in cash and cash equivalents	702,569
Cash and cash equivalents, beginning of year	<u>575,077</u>
Cash and cash equivalents, end of year	<u>\$1,277,646</u>

See notes to financial statements.

INTERNATIONAL SENIOR LAWYERS' CORPORATION

Notes to Financial Statements December 31, 2021

Note 1 – Nature of organizations

The International Senior Lawyers' Corporation ("ISLP") was incorporated on March 16, 2000 in the District of Columbia to foster just and accountable development that is sustainable, supportive of human rights, and strengthens the rule of law by mobilizing our unique network of highly skilled and experienced pro bono lawyers to advise civil society and governments.

ISLP programs are focused in the following areas: Investment and Trade, Natural Resource Management, Community-Inclusive Development, Anti-Bribery and Anti-Corruption, Tax, and Defending Press Freedom.

Note 2 – Summary of significant accounting policies

Net assets without restrictions

Operations – used to account for the general activity of ISLP.

Emergency Reserve – cash held in reserve for cash emergencies, including unexpected large fundraising shortfalls or unanticipated major expenditure needs.

Cash Flow Reserve – intended to meet short-term cash flow shortfalls. These funds may be withdrawn to cover agency expenses after the request is approved by the Executive Committee of the Board. It is expected that once the cash flow problem has been corrected the monies will be re-deposited in the Cash Flow Reserve.

Net assets with donor restrictions

ISLP reports contributions as donor restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor stipulation expires, that is, when a stipulated time restriction ends or the purpose for 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. Contributions with donor restrictions are reported as increases in net assets without restrictions if the restrictions are satisfied within the year the contributions are received.

Cash equivalents

ISLP considers highly liquid assets with original maturities of 90 days or less to be cash equivalents. Cash equivalents include money market funds.

Investments

ISLP reports investments at fair value. Interest, dividends, realized and unrealized gain (loss) on investments are included in investment return in the statement of activities. The realized gain (loss) on sale of investments is computed on the specific identification basis.

INTERNATIONAL SENIOR LAWYERS' CORPORATION**Notes to Financial Statements (continued)
December 31, 2021****Note 2 – Summary of significant accounting policies (continued)**Fair value measurements

Accounting principles generally accepted in the United States of America established a fair value hierarchy that prioritizes the inputs used to measure fair value into three broad levels. ISLP's investments are measured using Level 1 inputs, which are defined as quoted prices in active markets for identical assets that the reporting entity has the ability to access at the measurement date.

Allowance for doubtful accounts

As of December 31, 2021, management has determined that there are no potentially uncollectible receivables and thus an allowance for doubtful accounts is not necessary. Such estimate is based on management's experience, the aging of the receivables, subsequent receipts and current economic conditions.

Leasehold improvements, furniture and equipment

Leasehold improvements, furniture and equipment above a nominal amount and with a useful life greater than one year are capitalized and recorded at cost. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets ranging from three to six years. Leasehold improvements are amortized over the life of the lease.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements. Actual results could differ from these estimates.

Concentrations of credit risk

ISLP's financial instruments that are potentially exposed to concentrations of credit risk consist primarily of cash, cash equivalents, investments and receivables. ISLP places its cash and cash equivalents with what it believes to be quality financial institutions. ISLP routinely assesses the financial strength of its cash, cash equivalents and investment portfolio. Certain cash and investments in the United States of America are distributed among several financial institutions in order to maximize amounts protected by FDIC/SIPC insurance. Investments are exposed to various risks, such as interest rate, market volatility, liquidity and credit. It is possible that changes in these risks could materially affect the fair value of the investments reported in the statement of financial position as of December 31, 2021. ISLP also monitors the collection of its receivables and deems the amounts fully collectible. Accordingly, ISLP believes no significant concentrations of credit risk exist with respect to its cash, cash equivalents, investments and receivables.

INTERNATIONAL SENIOR LAWYERS' CORPORATION

**Notes to Financial Statements (continued)
December 31, 2021**

Note 2 – Summary of significant accounting policies (continued)

Contributed services

ISLP receives contributed services in support of its activities. The vast majority of the contributed services are the pro bono services provided by experienced lawyers and law firms in furtherance of ISLP's mission.

Contributed services are estimated at their fair value and reported as both support and expenses in the period in which they are provided. All such contributions appear as contributed services in the revenue section of the statement of activities. Donated legal services costs are included as program expenses.

Functional expenses

The cost of providing the various programs and other activities has been summarized in the statement of functional expenses. Accordingly, certain costs have been allocated among the program services and supporting activities benefited. Expenses attributable to more than one functional area are allocated based on time and effort reporting.

Subsequent events

ISLP has evaluated events and transactions for potential recognition or disclosure through June 10, 2022, which is the date the financial statements were available to be issued.

Note 3– Liquidity and availability of financial assets

The following is a summary of ISLP's financial assets as of December 31, 2021 that are available for general use within one year of the statement of financial position date:

Cash	\$ 1,277,646
Investments, at fair value	359,855
Contributions receivable	<u>43,449</u>
Sub-total	1,680,950
Less: Net assets with Board-designations	<u>(260,000)</u>
Total	<u>\$ 1,420,950</u>

INTERNATIONAL SENIOR LAWYERS' CORPORATION

**Notes to Financial Statements (continued)
December 31, 2021**

Note 3 – Liquidity and availability of financial assets (continued)

As part of ISLP's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. ISLP's Board-designated fund has been established as a reserve for emergencies and cash flow. ISLP does not intend to spend these funds; however, the funds can be released from designation by the Board if deemed necessary.

Note 4 – Investments

The following is a summary of the investments as of December 31, 2021:

	<u>Cost</u>	<u>Fair Value</u>
Cash and cash equivalents	\$ 311	\$ 311
Mutual funds - blended	<u>333,478</u>	<u>359,544</u>
Total	<u>\$ 333,789</u>	<u>\$ 359,855</u>

The investment return for the year ended December 31, 2021 consists of the following:

Interest and dividends	\$ 27,180
Realized gain on sale of investments	6,589
Change in unrealized gain on investments	<u>(4,072)</u>
Total	<u>\$ 29,697</u>

Note 5 – Leasehold improvement, furniture and equipment, net

The following is a summary of leasehold improvements, furniture and equipment as of December 31, 2021:

Leasehold improvements	\$ 5,449
Furniture and equipment	<u>39,168</u>
Sub-total	44,617
Less: accumulated depreciation and amortization	<u>27,872</u>
Total	<u>\$ 16,745</u>

INTERNATIONAL SENIOR LAWYERS' CORPORATION

Notes to Financial Statements (continued)
December 31, 2021**Note 6 – Net assets with donor restrictions**

Net assets released from donor restrictions are supported by expenses that satisfied the restricted purpose or time restrictions specified by donors. These assets were used for the programs of ISLP as described in note 1 to the financial statements.

The following is a summary of the activity of the net assets with donor restrictions as of December 31, 2021:

	Assets with Donor			
	Balance at December 31, <u>2020</u>	Restrictions Added/ <u>Other</u>	Net Assets Released from <u>Restrictions</u>	Balance at December 31, <u>2021</u>
Afghanistan Renewable Energy Community Inclusive Dev. in Papua New Guinea	\$ 92,140	\$ 18,117	\$ (82,112)	\$ 28,145
NED China	296	-	(296)	-
NED Global South	45,171	-	(45,171)	-
Latin American CID (Moore Fdn)	-	85,000	(80,317)	4,683
Capacity Building (Hewlett)	40,770	190,000	(106,462)	124,308
Malawi Mentorship (Dignitas)	10,543	50,000	(9,773)	50,770
Essaye-Kapp Legal Fellowship	5,000	-	(5,000)	-
Winfield Media Law Projects	715	10,000	(715)	10,000
Hewlett Foundation	25,018	-	-	25,018
GIZ Connex – Liberia	150,000	100,000	(150,000)	100,000
GIZ Connex – Mongolia	6,926	36,933	(47,969)	(4,110)
GIZ Connex – Mongolia II	-	12,811	(12,811)	-
Open Society Foundation	-	40,309	(31,955)	8,354
Total	<u>100,000</u>	<u>200,000</u>	<u>(100,000)</u>	<u>200,000</u>
	<u>\$ 476,579</u>	<u>\$ 743,170</u>	<u>\$ (672,581)</u>	<u>\$ 547,168</u>

INTERNATIONAL SENIOR LAWYERS' CORPORATION

Notes to Financial Statements (continued)
December 31, 2021

Note 7 – Paycheck Protection Program

During 2020, ISLP received \$119,457 from the Small Business Administration under the Paycheck Protection Program (“PPP”) which is a business loan program established under the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”). ISLP recorded the proceeds as a liability until the loan was, in part or wholly, forgiven and is legally released from having to repay. ISLP had the loan forgiven in its entirety in January 2021 and recorded the proceeds as a government grant on the statement of activities.

During 2021, ISLP applied for and received a second PPP loan for \$114,895 under significantly the same terms. ISLP had the loan forgiven in November 2021 and recorded the proceeds as a government grant on the statement of activities.

Note 8 – Retirement plan

ISLP maintains a retirement savings plan under Section 403(b) of the Internal Revenue Code (the “Code”) covering all qualified employees. Participants may elect to defer up to 100% of their annual compensation, subject to an annual limitation provided by the Code. ISLP also contributes to the plan in accordance with the plan document, limited to a maximum amount allowed by the Code. During 2021, expenses incurred in connection with this plan totaled \$23,852.

Note 9 – Commitments

Office space

During March 2022, ISLP entered into an agreement to lease office space commencing March 28, 2022. The lease agreement, which expires on April 1, 2027, requires a base rent of \$6,000 per month with 3% increases annually.

Rent expense for 2021 totaled \$98,649.

The required future minimum annual rental payments under the lease at December 31, 2021 are as follows:

2022	\$ 54,000
2023	73,620
2024	75,825
2025	78,099
2026	80,445
2027	<u>20,259</u>
Total	<u>\$ 382,248</u>

Note 10 – Tax status

ISLP is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the “Code”). In addition, ISLP has been determined by the Internal Revenue Service to be a publicly supported organization and not a private foundation within the meaning of Sections 509(a) and 170(b)(1)(A)(vi) of the Code. Accordingly, donors receive the maximum tax deduction available.