



Legal Priorities Project

FINANCIAL STATEMENTS

December 31, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Legal Priorities, Inc.
Cambridge, Massachusetts

Opinion

We have audited the financial statements of Legal Priorities, Inc., 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 accompanying financial statements present fairly, in all material respects, the financial position of Legal Priorities, 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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Legal Priorities, 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 Legal Priorities, 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, 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 Legal Priorities, 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 Legal Priorities, 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.

Wegner CPAs LLP

Wegner CPAs, LLP
Alexandria, Virginia
November 4, 2022

LEGAL PRIORITIES, INC.
STATEMENT OF FINANCIAL POSITION
December 31, 2021

ASSETS

CURRENT ASSETS

Cash \$ 477,244

EQUIPMENT

Equipment 4,035
Accumulated depreciation (281)

Equipment, net 3,754

Total assets

\$ 480,998

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable \$ 6,250

Refundable advance 60,924

Total liabilities 67,174

NET ASSETS

Without donor restrictions 386,286

With donor restrictions
Summer fellowships 27,538

Total net assets 413,824

Total liabilities and net assets

\$ 480,998

See accompanying notes.

LEGAL PRIORITIES, INC.
STATEMENT OF ACTIVITIES
Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Grants and contributions	\$ 625,428	\$ 125,000	\$ 750,428
EXPENSES			
Program Services			
Research	310,211	-	310,211
Outreach	100,847	-	100,847
Supporting Activities			
Management and General	18,968	-	18,968
Fundraising	9,023	-	9,023
Total expenses	439,049	-	439,049
NET ASSETS RELEASED FROM RESTRICTIONS			
Satisfaction of purpose restrictions	97,462	(97,462)	-
Change in net assets	283,841	27,538	311,379
Net assets at beginning of year	102,445	-	102,445
Net assets at end of year	<u>\$ 386,286</u>	<u>\$ 27,538</u>	<u>\$ 413,824</u>

See accompanying notes.

LEGAL PRIORITIES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2021

	<u>Program Services</u>		<u>Supporting Activities</u>		<u>Total Expenses</u>
	<u>Research</u>	<u>Outreach</u>	<u>Management and General</u>	<u>Fundraising</u>	
Personnel	\$ 65,368	\$ -	\$ 1,155	\$ -	\$ 66,523
Professional fees	168,873	-	8,966	9,023	186,862
Office expenses	10,685	-	2,722	-	13,407
Conferences and meetings	266	2,671	80	-	3,017
Insurance	-	-	2,450	-	2,450
Occupancy	6,142	-	-	-	6,142
Advertising	-	-	889	-	889
Information technology	1,830	-	-	-	1,830
Travel	37,895	4,994	939	-	43,828
Depreciation	-	-	281	-	281
Miscellaneous	1,880	-	1,486	-	3,366
Stipends	17,272	93,182	-	-	110,454
Total expenses	<u>\$ 310,211</u>	<u>\$ 100,847</u>	<u>\$ 18,968</u>	<u>\$ 9,023</u>	<u>\$ 439,049</u>

See accompanying notes.

LEGAL PRIORITIES, INC.
STATEMENT OF CASH FLOWS
Year Ended December 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 311,379
Adjustments to reconcile change in net assets to net cash flows from operating activities	
Depreciation	281
Increase in liabilities	
Accounts payable	2,586
Refundable advance	60,922
	<hr/>
Net cash flows from operating activities	375,168

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of equipment	(4,035)
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Net change in cash 371,133

Cash at beginning of year

106,111

Cash at end of year

\$ 477,244

See accompanying notes.

LEGAL PRIORITIES, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Legal Priorities, Inc. (LPP) is a nonprofit organization whose mission is to conduct legal research that tackles the world's most pressing problems. This currently leads us to focus on the protection of future generations. LPP develops and promotes rigorous, scientific approaches to the question of how legal researchers can do the most good, both by identifying the most important, neglected, and tractable problems in legal research, as well as by conducting academic research on the identified problems. LPP is supported primarily by grants and contributions.

Equipment

LPP capitalizes all computer equipment acquisitions of \$1,000 and above. Computer equipment is recorded at cost, if purchased, or fair market value at date of donation, if contributed. Depreciation of computer equipment is provided using the straight-line method over the estimated useful lives of the assets.

Contributions

Contributions received are recorded as increases in net assets without donor restrictions or net assets with donor restrictions depending on the existence of any donor restrictions. When a 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.

Expense Allocation

The financial statements report certain categories of expenses that are attributable to more than one program service or supporting activity. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include professional fees, which are allocated based on estimates of time and effort.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 Tax Status

Legal Priorities, Inc. is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

LEGAL PRIORITIES, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Date of Management’s Review

Management has evaluated subsequent events through November 4, 2022, the date which the financial statements were available to be issued.

NOTE 2—CONCENTRATIONS

Concentrations of Credit Risk

LPP maintains its cash balances at a financial institution located in Boston, Massachusetts. The account at this institution is insured by the Federal Deposit Insurance Corporation up to \$250,000. At times during the year, LPP’s cash balances exceed the FDIC Insurance amount. Management believes the risk in these situations to be minimal.

Donor Concentration

For the year ended December 31, 2021, substantially all of LPP’s contributions came from four donors.

NOTE 3—RETIREMENT PLAN

LPP has established a 401(k) plan (the Plan) for its employees. Employees are eligible to participate immediately upon hire. Employees may contribute the maximum amount allowed by law to the Plan. LPP will match 100% of employee contributions up to the first 3% of employee contributions. For the year ended December 31, 2021, LPP did not make any matching contributions to the Plan.

NOTE 4—LIQUIDITY AND AVAILABILITY

The following table reflects LPP’s financial assets as of the date of the statement of financial position reduced by amounts not available for general expenditures within one year of the date of the statement of financial position because of donor-imposed or other restrictions.

Financial assets at end of year	\$ 477,244
Less those unavailable for general expenditures within one year:	
Restricted by donor with purpose restrictions	<u>(27,538)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 449,706</u>

LPP is, in part, supported by restricted grants and contributions. Because a donor’s restriction requires resources to be used in a particular manner or in a future period, LPP must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditures within one year. As part of LPP’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.

LEGAL PRIORITIES, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 5—LEASES

LPP entered into a lease agreement for office space in March 2022, which expires in July 2023. The lease requires monthly payments of \$4,200. Future minimum payments under this lease total \$42,000 and \$29,400, respectively, for the years ending December 31, 2022 and 2023.