EISNERAMPER

FRIENDS OF THE LEGAL RESOURCES CENTRE OF SOUTH AFRICA

FINANCIAL STATEMENTS

MARCH 31, 2021 and 2020

FRIENDS OF THE LEGAL RESOURCES CENTRE OF SOUTH AFRICA

Contents

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Friends of the Legal Resources Centre of South Africa

Report on the Financial Statements

We have audited the accompanying financial statements of Friends of the Legal Resources Centre of South Africa (the "Foundation"), which comprise the statements of financial position as of March 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for each of the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

The Foundation's 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 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 controls relevant to the organization'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 organization'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 Friends of the Legal Resources Centre of South Africa as of March 31, 2021 and 2020, and the changes in its net assets and its cash flows for each of the years then ended, in accordance with accounting principles generally accepted in the United States of America.

EisnerAmper LLP

EISNERAMPER LLP
New York, New York
October 2, 2021

FRIENDS OF THE LEGAL RESOURCES CENTRE OF SOUTH AFRICA

Statements of Financial Position

	March 31, 2021	March 31, 2020
ASSETS		
Cash and cash equivalents	**$ 5,605**	$ 8,352
Investments	**5,276,346**	4,236,906
Contributions and other receivables	**10,765**	40
Prepaid expenses	**844**	3,192
	$ 5,293,560	$ 4,248,490
LIABILITIES		
Accounts payable and accrued expenses	**$ 25,183**	$ 89,214
Grants payable	**6,960**	5,623
Total liabilities	**32,143**	94,837
Commitments and other uncertainty (Note F)		
NET ASSETS		
Without donor restrictions	**5,250,652**	4,153,653
With donor restrictions	**10,765**	-
Total net assets	**5,261,417**	4,153,653
	$ 5,293,560	$ 4,248,490

See notes to financial statements.

FRIENDS OF THE LEGAL RESOURCES CENTRE OF SOUTH AFRICA

Statements of Activities

	Year Ended March 31, 2021	Year Ended March 31, 2020
Net assets without donor restrictions:		
Revenue and support:		
Contributions	**$ 37,413**	$ 67,338
Interest and dividends, net	**87,228**	102,365
Net realized and unrealized gains (losses) on investments	**1,079,174**	(199,862)
(Loss) gain on currency translation	**(1,337)**	1,308
Total revenue and support	**1,202,478**	(28,851)
Expenses:		
Direct program services:		
Legal Resources Centre	**-**	813,523
Indirect program services	**7,463**	86,359
Total program services	**7,463**	899,882
Supporting services:		
Management and general	**95,876**	132,996
Fund-raising	**2,140**	4,484
Total supporting services	**98,016**	137,480
Total expenses	**105,479**	1,037,362
Change in net assets without donor restrictions	**1,096,999**	(1,066,213)
Net assets with donor restrictions:		
Contributions - time restricted	**10,765**	-
Change in net assets with donor restrictions	**10,765**	-
Change in net assets	**1,107,764**	(1,066,213)
Net assets - beginning of year	**4,153,653**	5,219,866
Net assets - end of year	**$ 5,261,417**	$ 4,153,653

FRIENDS OF THE LEGAL RESOURCES CENTRE OF SOUTH AFRICA

Statements of Functional Expenses

	Year Ended March 31, 2021				
	Program Services	Supporting Services			
	Legal Resources Centre	Management and General	Fund-raising	Total Supporting Services	Total Expenses
Professional fees	$ -	$ 67,277	$ -	$ 67,277	$ 67,277
Administrative Director fees	2,140	17,120	2,140	19,260	21,400
Insurance	5,323	5,322	-	5,322	10,645
Bank charges	-	1,369	-	1,369	1,369
Website	-	120	-	120	120
Office expenses	-	1,632	-	1,632	1,632
Computer service	-	863	-	863	863
Registered agent fees	-	255	-	255	255
Miscellaneous	-	1,918	-	1,918	1,918
Total expenses	$ 7,463	$ 95,876	$ 2,140	$ 98,016	$ 105,479

	Year Ended March 31, 2020				
	Program Services	Supporting Services			
	Legal Resources Centre	Management and General	Fund-raising	Total Supporting Services	Total Expenses
Grants	$ 813,523	$ -	$ -	$ -	$ 813,523
Professional fees	-	54,287	-	54,287	54,287
Salaries, benefits and taxes	80,725	57,861	4,484	62,345	143,070
Administrative Director fees	-	7,250	-	7,250	7,250
Insurance	5,285	5,284	-	5,284	10,569
Board meetings, travel and meals	349	349	-	349	698
Bank charges	-	1,160	-	1,160	1,160
Website	-	2,903	-	2,903	2,903
Office expenses	-	2,712	-	2,712	2,712
Miscellaneous	-	1,190	-	1,190	1,190
Total expenses	$ 899,882	$ 132,996	$ 4,484	$ 137,480	$ 1,037,362

FRIENDS OF THE LEGAL RESOURCES CENTRE OF SOUTH AFRICA

Statements of Cash Flows

	Year Ended March 31, 2021	Year Ended March 31, 2020
Cash flows from operating activities:		
Change in net assets	**$ 1,107,764**	$ (1,066,213)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Net realized and unrealized (gains) losses on investments	**(1,079,174)**	199,862
Changes in operating assets and liabilities:		
Contributions and other receivables	**(10,725)**	5,150
Prepaid expenses	**2,348**	(118)
Accounts payable and accrued expenses	**(64,031)**	30,579
Grants payable	**1,337**	(56,308)
Net cash used in operating activities	**(42,481)**	(887,048)
Cash flows from investing activities:		
Proceeds from sales of investments	**2,531,798**	1,550,983
Purchases of investments	**(2,492,064)**	(997,956)
Net cash provided by investing activities	**39,734**	553,027
Decrease in cash and cash equivalents	**(2,747)**	(334,021)
Cash and cash equivalents - beginning of year	**8,352**	342,373
Cash and cash equivalents - end of year	**$ 5,605**	$ 8,352

NOTE A - THE FOUNDATION AND ITS SIGNIFICANT ACCOUNTING POLICIES

[1] The Foundation:

Friends of the Legal Resources Centre of South Africa (the "Foundation"), formerly known as Southern Africa Legal Services Foundation, Inc., was originally formed in 1979 by concerned American lawyers to support and raise funds for public-interest legal services and for the development of legal education in southern Africa, particularly for the black community and for black lawyers. The Foundation supports Legal Resources Centre of South Africa (the "LRC"), an independent, public-interest law center in South Africa, by: (i) assisting it financially, as appropriate; (ii) contributing to its work through joint initiatives and other programs; (iii) managing the investment portfolio that is held for the ultimate benefit of the LRC; and (iv) helping to publicize its accomplishments in the United States and globally. The Foundation also supported Legal Resources Foundation in Zimbabwe through October 2012. The revised name aligns with the Foundation's updated mission, which is to support the LRC.

The Foundation is a not-for-profit organization formed under the District of Columbia Non-Profit Corporation Law and is a public charity exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code, and from state and local taxes under comparable laws.

[2] Basis of accounting:

The financial statements of the Foundation have been prepared using the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America ("U.S. GAAP"), as applicable to not-for-profit organizations.

[3] Use of estimates:

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenue and support and expenses, as well as the disclosure of contingent assets and liabilities. Actual results may differ from those estimates.

[4] Cash and cash equivalents:

The Foundation considers all highly liquid investments, with a maturity of three months or less when purchased, to be cash equivalents. Cash and cash equivalents held as part of the Foundation’s investment portfolio are reflected as investments in the statements of financial position.

[5] Investments:

The Foundation’s investments in mutual funds, consisting of domestic equity and fixed-income funds, are reported at their fair values in the statements of financial position based on quoted market prices.

The Foundation’s investments, in general, are subject to various risks, such as interest-rate, market and credit risks. Due to the level of risk associated with certain investment vehicles, it is at least reasonably possible that changes in the values of those securities could occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

NOTE A - THE FOUNDATION AND ITS SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[5] Investments: (continued)

Investment transactions are recorded on a trade-date basis. Realized gains and losses on investments sold, and unrealized appreciation and depreciation on investments held, are reported in the statements of activities as increases or decreases in net assets without donor restrictions unless their use is restricted through donor stipulation. Realized gains and losses on investments are determined by comparison of the costs at the time of acquisition to proceeds received at the time of disposition. Unrealized gains and losses on investments are determined by comparing each investment's cost to the fair value at the end of each year. The earnings from dividends and interest are recognized when earned. Interest and dividends are presented net of the investment fees that are embedded in mutual fund transactions.

[6] Net assets:

(i) Net assets without donor restrictions:

The Foundation's net assets without donor restrictions represent those resources that are available for current operations, as there are no restrictions on their use.

(ii) Net assets with donor restrictions:

Net assets with donor restrictions represent those resources that are subject to donor-imposed restrictions, such as specific purposes and/or a specific period of time. When a donor restriction expires, that is, when a stipulated time restriction ends, or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statements of activities as net assets released from restrictions. Contributions with restrictions, the requirements of which are met in the year of donation, are reported as without donor restrictions. As of March 31, 2021, the Foundation’s net assets with donor restrictions were entirely restricted for time.

[7] Contributions:

Contributions are recognized as revenue upon the receipt of cash, unconditional pledges, or other assets. Contributions are considered without donor restrictions, unless the donors restrict the use thereof, either through purpose restrictions or time considerations, as to their use. Conditional contributions are recognized when the donor’s conditions have been met by requisite actions of the Foundation’s management or necessary events have taken place. As of March 31, 2021, all contributions receivable are expected to be collected in the following fiscal-year; accordingly, an allowance for doubtful collections was not considered necessary.

[8] Grants and grants payable:

The Foundation provides grant support to the Legal Resources Centre of South Africa. Unconditional grants are recognized as expenses in the financial statements at the time of approval. Unconditional grants approved, but not yet paid, are reported as grants payable in the statements of financial position at each year-end. Grants payable are generally paid within the next fiscal-year. Grants are awarded by the Foundation in U.S. Dollars and South African Rand ("ZAR"). Grants awarded in ZAR, but not yet paid as of March 31st, are reported in the statements of financial position at the prevailing exchange rate at the end of the year. Conditional grants are not reported as expenses until the conditions or milestones are met by the intended recipients.

NOTE A - THE FOUNDATION AND ITS SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[9] Functional allocation of expenses:

The costs of providing the Foundation's program and supporting services have been summarized on a functional basis in the statements of activities. The statements of functional expenses present expenses by functional and natural classification. Accordingly, direct costs have been reflected within the program and supporting services categories based on the nature of the expense. Natural expenses that are attributable to more than one category are allocated by management based on time and effort. The program-related expenses include all expenses related to: (i) the administration of grants, and (ii) other expenses related to the operation of the program of the Foundation.

[10] Income tax uncertainties:

The Foundation is subject to the provisions of the Financial Accounting Standards Board's (the "FASB") Accounting Standards Codification ("ASC") Topic 740, *Income Taxes,* as it relates to accounting and reporting for uncertainty in income taxes. Because of the Foundation's general tax-exempt status, management believes ASC Topic 740 has not had, and is not anticipated to have, a material impact on the Foundation's financial statements. Additionally, the Foundation incurred expenses related to delinquent obligations of federal and state payroll taxes of $1,788 and $5,327 in fiscal-years 2021 and 2020, respectively.

[11] Adoption of accounting principle:

Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made:

In June 2018, the FASB issued Accounting Standards Update ("ASU") 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958)*. ASU 2018-08 clarified and improved guidance concerning: 1) evaluating whether a transaction should be accounted for as an exchange transaction or as a contribution; and 2) determining whether a contribution received is conditional. ASU 2018-08 should be applied on a modified prospective basis. ASU 2018-08 was effective for annual periods beginning after December 15, 2018 for entities that are resource recipients. Accordingly, the Foundation adopted the resource recipient portion for its fiscal year ended March 31, 2020. ASU 2018-08 is effective for annual periods beginning after December 15, 2019 for entities that are resource providers. The Foundation adopted the resource provider portion for its fiscal year ended March 31, 2021, and this accounting guidance did not have a material effect on the Foundation’s financial statements.

[12] Subsequent events:

The Foundation evaluated subsequent events through October 2, 2021, the date on which the financial statements were available to be issued.

NOTE B - INVESTMENTS

At each fiscal year end, investments consisted of the following:

	March 31,			
	2021		2020	
	Fair Value	Cost	Fair Value	Cost
Cash and cash equivalents	**$ 56,576**	**$ 56,576**	$ 24,056	$ 24,056
Mutual funds:				
Equity	**3,042,875**	**2,327,158**	2,115,910	2,374,830
Fixed-income	**2,176,895**	**2,171,106**	2,096,940	2,017,638
Total investments	**$ 5,276,346**	**$ 4,554,840**	$ 4,236,906	$ 4,416,524

The FASB's ASC Topic 820, *Fair Value Measurements*, establishes a three-level valuation hierarchy of fair-value measurements. These valuation techniques are based on observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions. These two types of inputs create the following fair-value hierarchy:

Level 1: Valuations are based on observable inputs that reflect quoted market prices in active markets for identical investments, at the reporting date.

Level 2: Valuations are based on: (i) quoted prices for similar investments, in active markets; or (ii) quoted prices for those investments, or similar investments, in markets that are not active; or (iii) pricing inputs other than quoted prices that are directly or indirectly observable at the reporting date.

Level 3: Valuations are based on pricing inputs that are unobservable and include situations where: (i) there is little, if any, market activity for the investments; or (ii) the investments cannot be independently valued.

The Foundation's investments were all included in Level 1 as of March 31, 2021 and 2020, respectively.

The availability of market data is monitored by the Foundation's management to assess the appropriate classification of financial instruments within the fair-value hierarchy. Changes in economic conditions or valuation techniques may require the transfer of financial instruments from one level to another. In such instances, the transfer is reported at the beginning of the reporting period.

NOTE C - RELATED PARTY RELATIONSHIPS

Three members of the Foundation's Board of Directors are also trustees of the Legal Resources Trust in South Africa (the "Trust"), which manages the LRC's assets and oversees its operations. These individuals do not constitute a majority of the Trust's governing body; thus, the two organizations' financial statements are not consolidated.

NOTE D - LIQUIDITY AND AVAILABILITY OF RESOURCES

The Foundation's financial assets available for general use within one year of the statements of financial position date for general expenditures (including scheduled grant payments) are as follows:

	March 31,	
	2021	**2020**
Cash and cash equivalents	**$ 5,605**	$ 8,352
Investments	**5,276,346**	4,236,906
Contributions and other receivables	**10,765**	40
Total financial assets available to meet cash needs for general expenditures within one year	**$ 5,292,716**	$ 4,245,298

Liquidity policy:

As part of the Foundation's liquidity management, the Foundation maintains a sufficient level of operating cash and investments, available to meet general expenditures, current liabilities and other obligations as they come due.

NOTE E - CONCENTRATION OF REVENUE

During fiscal-year 2021, approximately 57% of contributions were received from one donor, and during fiscal-year 2020, approximately 71% of the Foundation's contributions were received from two donors.

NOTE F - COMMITMENTS AND OTHER UNCERTAINTY

[1] Separation agreement:

In October 2019, the Foundation entered into a separation agreement with its Executive Director for $85,000, payable on a monthly basis through October 2020.

[2] Other contracts:

In the normal course of business, the Foundation enters into various contracts for professional and other services, which are typically renewable on a year-to-year basis.

[3] Other uncertainty:

The extent of the impact of the coronavirus ("COVID-19") outbreak on the Foundation's programming, operational and financial performance is uncertain and will depend on the continued future developments of the outbreak and external restrictions imposed. The impact of COVID-19 is highly uncertain and cannot be predicted. If contributions toward the Foundation's program are impacted for an extended period, results of operations may be materially adversely affected.