

**NATIONAL CENTER FOR LAW  
AND ECONOMIC JUSTICE, INC.**

**Financial Statements  
for year ended  
December 31, 2022**

## **Independent Auditor's Report**

The Board of Directors  
National Center for Law and Economic Justice, Inc.

### ***Opinion***

We have audited the accompanying financial statements of National Center for Law and Economic Justice, Inc., (the "Center"), which comprise the statement of financial position as of December 31, 2022 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 the Center as of December 31, 2022 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 the Center 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.

### ***Change in Accounting Principle***

As discussed in Note 1 to the financial statements, the Center has changed its method of accounting for operating leases as of January 1, 2022 due to the adoption of ASU 2016-02, *Leases* (Topic 842). Our opinion is not modified with respect to that matter.

### ***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 the Center'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 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 the Center'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 the Center'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.

### ***Report on Summarized Comparative Information***

We have previously audited the Center's 2021 financial statements, and in our report dated June 2, 2022, we expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Condon O'Meara McGinty & Donnelly LLP*

May 24, 2023

**NATIONAL CENTER FOR LAW AND ECONOMIC JUSTICE, INC.**

**Statement of Financial Position**

**Assets**

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<b>Current assets</b>		
Cash and cash equivalents	\$ 376,564	\$ 599,355
Investments, at fair value	43,026	356,057
Contributions and grants receivable	180,020	415,078
Employee retention payroll tax credits receivable	-	170,552
Accounts receivable	17,770	1,500
Prepaid expenses	57,814	55,401
Total current assets	<u>675,194</u>	<u>1,597,943</u>
<b>Property and equipment</b>		
Furniture, fixtures and equipment	33,765	23,958
Less: accumulated depreciation and amortization	21,828	15,860
Net property and equipment	<u>11,937</u>	<u>8,098</u>
<b>Right-of-use asset – operating lease</b>	<u>2,956,995</u>	<u>-</u>
<b>Total assets</b>	<b><u>\$3,644,126</u></b>	<b><u>\$1,606,041</u></b>

**Liabilities and Net Assets**

<b>Current liabilities</b>		
Accounts payable and accrued expenses	\$ 313,313	\$ 338,029
Current portion of operating lease liability	296,952	-
Paycheck Protection Program loan	-	263,165
Total current liabilities	<u>610,265</u>	<u>601,194</u>
<b>Operating lease liability, net of current portion</b>	<u>2,806,878</u>	<u>-</u>
Total liabilities	<u>3,417,143</u>	<u>601,194</u>
<b>Net assets</b>		
Without donor restrictions		
Operating fund (deficit)	(917,499)	(417,685)
Stabilization fund	675,266	925,266
Lease security fund	136,080	136,080
Total without donor restrictions	<u>(106,153)</u>	<u>643,661</u>
With donor restrictions		
Paul M. Dodyk Fellowship Fund	15,255	15,254
The Freedman Fund for Due Process	29,430	87,339
Other	288,451	258,593
Total with donor restrictions	<u>333,136</u>	<u>361,186</u>
Total net assets	<u>226,983</u>	<u>1,004,847</u>
<b>Total liabilities and net assets</b>	<b><u>\$3,644,126</u></b>	<b><u>\$1,606,041</u></b>

See notes to financial statements.

NATIONAL CENTER FOR LAW AND ECONOMIC JUSTICE, INC.

Statement of Activities  
For Year Ended December 31, 2022  
(with Summarized Comparative Information for the Year Ended December 31, 2021)

	2022					2021	
	Without Donor Restrictions						
	Operating Fund	Stabilization Fund	Security Fund	Lease	With Donor Restrictions	Total	Total
<b>Public support and revenue</b>							
Public support							
Contributions							
The Freedman Fund for Due Process	\$ -	\$ -	\$ -	\$ -	\$ 26,709	\$ 26,709	\$ 45,248
Other	790,168	-	-	790,168	-	790,168	471,060
Grants	23,178	-	-	23,178	315,000	338,178	438,702
Government grant – Paycheck Protection Program loan	263,165	-	-	263,165	-	263,165	264,065
Special events, net of direct costs of \$194,341 in 2022							
and \$96,262 in 2021	383,223	-	-	383,223	-	383,223	698,579
Contributed nonfinancial assets	186,156	-	-	186,156	-	186,156	236,958
Net assets released from restrictions	370,142	-	-	370,142	(370,142)	-	-
Total public support	2,016,032	-	-	2,016,032	(28,433)	1,987,599	2,154,612
Revenue							
Attorney fees	354,207	-	-	354,207	-	354,207	66,595
Interest income and other	2,906	-	-	2,906	383	3,289	2,543
Total revenue	357,113	-	-	357,113	383	357,496	69,138
Total public support and revenue	2,373,145	-	-	2,373,145	(28,050)	2,345,095	2,223,750
<b>Expenses</b>							
Program services	2,264,119	-	-	2,264,119	-	2,264,119	2,124,976
Management and general	443,125	-	-	443,125	-	443,125	501,588
Fund-raising	415,715	-	-	415,715	-	415,715	275,215
Total expenses	3,122,959	-	-	3,122,959	-	3,122,959	2,901,779
(Decrease) in net assets before other addition (deduction)	(749,814)	-	-	(749,814)	(28,050)	(777,864)	(678,029)
Employee retention tax credits	-	-	-	-	-	-	170,552
(Loss) on disposal and sale of furniture	-	-	-	-	-	-	(4,661)
Interfund transfer	250,000	(250,000)	-	-	-	-	-
(Decrease) in net assets after other addition (deduction)	(499,814)	(250,000)	-	(749,814)	(28,050)	(777,864)	(512,138)
Net assets (deficit), beginning of year	(417,685)	925,266	136,080	643,661	361,186	1,004,847	1,516,985
Net assets (deficit), end of year	\$ (917,499)	\$ 675,266	\$ 136,080	\$ (106,153)	\$ 333,136	\$ 226,983	\$1,004,847

See notes to financial statements.

**NATIONAL CENTER FOR LAW AND ECONOMIC JUSTICE, INC.**

**Statement of Functional Expenses  
For Year Ended December 31, 2022  
(with Summarized Comparative Information for the year ended December 31, 2021)**

	2022				2021
	Program Services	Management and General	Fund- raising	Direct Cost of Special Events	Total
Salaries and related					
Professional salaries	\$1,119,461	\$ 202,287	\$ 300,485	\$ -	\$1,545,624
Support staff salaries	61,305	8,173	5,029	-	130,877
Law students	1,195	159	98	-	11,640
Volunteer legal staff	147,737	-	-	-	137,896
Volunteer law students	33,899	-	-	-	27,385
Employee benefits and payroll taxes	420,465	56,471	34,494	-	464,904
Total salaries and related	1,784,062	267,090	340,106	-	2,318,326
Non-personnel					
Rent and other occupancy costs	286,509	38,199	23,504	-	259,889
Catering, facility rental and other	-	-	-	194,341	96,262
Communications	1,115	149	91	-	1,355
Equipment rental and maintenance	2,019	269	166	-	2,454
Donated equipment and software	535	71	44	-	650
Office supplies	19,737	9,426	7,611	-	31,397
Postage and messengers	199	14	230	-	316
Staff and board travel	726	22	14	-	762
Strategic planning	13,605	1,814	1,116	-	16,535
Staff training	6,193	66	40	-	6,299
Telephone	9,133	1,218	749	-	11,100
Library	14,929	149	92	-	15,170
Audit fees	-	16,900	-	-	16,900
Insurance	19,858	534	329	-	18,366
Dues and subscriptions	2,676	567	180	-	4,216
Contract services	75,007	61,288	37,533	-	91,491
Donated contract services	3,184	425	261	-	71,677
Litigation	9,874	3	2	-	1,991
Bad debt	-	43,000	-	-	61,999
Bank credit card fees	9,847	1,266	3,245	-	-
Depreciation and amortization	4,911	655	402	-	-
Total non-personnel	480,057	176,035	75,609	194,341	679,715
Total expenses by function	2,264,119	443,125	415,715	194,341	2,998,041
Less: direct benefits expenses net with revenue on the statement of activities	-	-	-	(194,341)	(96,262)
Totals	\$2,264,119	\$ 443,125	\$ 415,715	\$ -	\$2,901,779

See notes to financial statements.

**NATIONAL CENTER FOR LAW AND ECONOMIC JUSTICE, INC.**

**Statement of Cash Flows**

	<b>Year Ended December 31</b>	
	<b><u>2022</u></b>	<b><u>2021</u></b>
<b>Cash flows from operating activities</b>		
(Decrease) in net assets	\$ (777,864)	\$ (512,138)
Adjustments to reconcile (decrease) in net assets to net cash (used in) operating activities		
Forgiveness of Paycheck Protection Program loans	(263,165)	(264,065)
Forgiveness of loans payable	(220,000)	-
Depreciation and amortization	5,968	-
Loss on disposal and sale of furniture	-	4,661
Donated stock	(13,081)	(13,265)
Proceeds from sale of donated stock	13,081	13,265
Change in right-of-use asset – operating lease	111,075	-
(Increase) decrease in current assets		
Contributions and grants receivable	235,058	(55,685)
Employee retention payroll tax credits receivable	170,552	(170,552)
Accounts receivable	(16,270)	144,879
Prepaid expenses	(2,413)	(720)
Increase (decrease) in accounts payable and accrued expenses	(24,716)	160,976
Increase in operating lease liability	<u>35,760</u>	<u>-</u>
Net cash (used in) operating activities	<u>(746,015)</u>	<u>(692,644)</u>
<b>Cash flows from investing activities</b>		
Proceeds from sale of furniture	-	1,000
Purchase of property and equipment	(9,807)	(8,098)
Change in money market funds and maturity of certificate of deposit, net	<u>313,031</u>	<u>369,870</u>
Net cash provided by investing activities	<u>303,224</u>	<u>362,772</u>
<b>Cash flows from financing activities</b>		
Proceeds from loans	450,000	-
Loan principal repayments	(230,000)	-
Proceeds from Paycheck Protection Program loan	<u>-</u>	<u>263,165</u>
Net cash provided by financing activities	<u>220,000</u>	<u>263,165</u>
<b>Net (decrease) in cash and cash equivalents</b>	<b>(222,791)</b>	<b>(66,707)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b><u>599,355</u></b>	<b><u>666,062</u></b>
<b>Cash and cash equivalents, end of year</b>	<b><u>\$ 376,564</u></b>	<b><u>\$ 599,355</u></b>

See notes to financial statements.

## NATIONAL CENTER FOR LAW AND ECONOMIC JUSTICE, INC.

### Notes to Financial Statements December 31, 2022

#### **Note 1 – Organization and purpose and summary of significant accounting policies**

The National Center for Law and Economic Justice, Inc. (the “Center”) was founded in 1965 and subsequently incorporated under the Not-for-Profit Corporation Law of the State of New York. The Center uses its special expertise to promote the creation, maintenance, strengthening, and fair administration of publicly supported programs and other efforts that improve the circumstances of low-income people.

The Center delivers the following program services:

Enforcing civil rights - traversing across a number of substantive areas of the Center’s work, the Center advocates to secure civil rights for a range of protected categories including people with disabilities, persons of color, immigrants and women.

Advocacy regarding public entitlements - using ambitious litigation and creative legal strategies, the Center protects access to all public entitlements programs. The Center protects the rights of low-income persons to apply for critical assistance, protects families from unlawful termination of benefits, and fights to ensure fundamental fairness in the operation of food stamps, cash assistance, childcare, and Medicaid programs.

Support for low-wage workers - the Center advocates for decent wages and safe and fair workplaces on behalf of low-wage workers, the most vulnerable workers in our country. Litigation and projects include combatting gender pay disparity, pregnancy discrimination, and wage theft, and challenging exemptions to wage and hour protections for, e.g., home health care, agricultural and restaurant workers.

Combatting unfair debt collection – the Center protects low-income debtors and leads the fight against abusive debt collection practices that undermine families' and communities' economic stability.

#### **Financial reporting**

The financial statements of the Center are maintained on an accrual basis of accounting. The assets of the Center less liabilities represent the net assets which are reported in two classes as follows:

##### **Net assets without donor restrictions**

The Center’s net assets without donor restrictions are available to support operations. The only limits on the use of these net assets, if any, are internal Board designations.

##### **Operating fund**

The Operating fund is used to account for the general activities of the Center.



**NATIONAL CENTER FOR LAW AND ECONOMIC JUSTICE, INC.**

**Notes to Financial Statements (continued)  
December 31, 2022**

**Note 1 – Organization and purpose and summary of significant accounting policies (continued)**

Financial reporting (continued)

Net assets without donor restrictions (continued)

Stabilization fund

During 2000, the Board of Directors (the “Board”) authorized the establishment of the Stabilization fund. In connection therewith, the Board also authorized a transfer of \$300,000 into the newly established fund. Funds for the Stabilization fund come from a portion of the attorney fees generated by the Center, as determined by the Board. In 2012, the Board determined that the Stabilization fund should be credited with the lesser of either (1) 50% of legal fees actually received and appropriately accrued or (2) the amount that would be remaining after application of such fees to any operating deficit that would otherwise result.

The net assets of the fund can be used at the discretion of the Board. During 2022, the Board authorized a transfer of \$250,000 from the Stabilization fund to the Operating fund.

Lease security fund

The Lease security fund is used to account for the Center’s letter of credit serving as security for the lease. The current amount designated to the Lease security fund is \$136,080, as required by the terms of the Center’s lease at 50 Broadway.

Net assets with donor restrictions

Net assets with donor restrictions consist of grants and contributions that are restricted by the donor for a specific purpose or relate to future periods. Once that specific purpose has been met or time restriction expires, the funds are released from their restrictions and reclassified to net assets without donor restrictions.

Functional allocation of expenses

The costs of providing the various program services and supporting activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain common costs have been allocated among the program services and supporting services benefited.

Contributed non-financial assets

The Center receives donated services towards its programs from law students and attorneys volunteering their time and law firms loaning their employees to the Center. The Center values these services at the hourly rate for which the Center would have hired the individual. The fair market value of these volunteered and donated professional services has been included in the statement of activities as both public support and revenue under contributed nonfinancial assets and expenses under salaries and related.

**NATIONAL CENTER FOR LAW AND ECONOMIC JUSTICE, INC.****Notes to Financial Statements (continued)  
December 31, 2022****Note 1 – Organization and purpose and summary of significant accounting policies (continued)**Cash and cash equivalents

Cash and cash equivalents consist of checking accounts and a money market fund.

Allowance for doubtful accounts

The Center considers all contributions, grants and accounts receivable to be collectible, and accordingly, does not have an allowance for doubtful accounts. Such estimate is based on management's experience, the aging of the receivables, subsequent receipts and current economic conditions.

Investments

Investments are recorded at fair value.

Fair value measurements

Fair value measurements establish a hierarchy that prioritizes the inputs used to measure fair value into three broad levels. The Center'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.

Property and equipment

Property and equipment are recorded at cost. Depreciation has been provided in the financial statements utilizing the straight-line method over the estimated useful lives of the assets ranging from 10 to 20 years. Leasehold improvements were amortized over the term of the lease. Such leasehold improvements relating to the former office space were fully amortized during 2021 and were removed from the books and records. During 2021, the Center sold property and equipment with a book value of \$47,776 and accumulated depreciation of \$42,115 for \$1,000, resulting in a net loss of \$4,661.

Adoption of FASB ASC 842, *Leases*

Effective January 1, 2022, the Center adopted FASB ASC 842, *Leases*. The new standard establishes a right of use ("ROU") model that requires a lessee to record an ROU asset, which represents the right to use a respective asset for the lease term, and a lease liability on the statement of financial position at the present value of future payments due under the lease. In connection with the adoption of FASB ASC 842, the Center has recognized an ROU asset and operating lease liability of \$3,068,070 during 2022. The Center has elected to use a risk-free rate at the lease commencement date to discount its office lease to their net present value. The Center's reporting for the comparative period presented in the financial statements is in accordance with previous lease accounting standards. The implementation of the standard did not have an impact on the Center's operating results and cash flows. The Center has elected not to record leases with an initial term of 12 months or less on the statement of financial position.

**NATIONAL CENTER FOR LAW AND ECONOMIC JUSTICE, INC.**

**Notes to Financial Statements (continued)**  
**December 31, 2022**

**Note 1 – Organization and purpose and summary of significant accounting policies (continued)**

Concentrations of credit risk

The Center's financial instruments that are potentially exposed to concentrations of credit risk consist primarily of cash, cash equivalents, investments and receivables. The Center places its cash and cash equivalents with what it believes to be quality financial institutions. Investments consist of money market funds. Investments are exposed to various risks such as interest rate, market volatility, liquidity and credit. Accordingly, it is reasonably possible that changes in the risks could materially affect the fair value of the investments reported in the statement of financial position at December 31, 2022. Receivables are reviewed on an ongoing basis. Accordingly, the Center believes no material concentrations of credit risk exist with respect to its cash, cash equivalents, investments and receivables.

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, such as the collectability of accounts receivable and estimates of accrued expenses, which affect the amounts reported in the financial statements. Actual results could differ from these estimates.

Comparative financial information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class or functional classification. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Center's financial statements for the year ended December 31, 2021, from which the summarized information was derived.

Subsequent events

The Center has evaluated events and transactions for potential recognition or disclosure through May 24, 2023, which is the date the financial statements were available to be issued.

**Note 2 – Investments**

Investments at December 31, 2022 and December 31, 2021 consist of the following:

	<u>2022</u>	<u>2021</u>
Money market funds	\$ 43,026	\$ 101,744
Certificate of deposit	-	254,313
Total	<u>\$ 43,026</u>	<u>\$ 356,057</u>

**NATIONAL CENTER FOR LAW AND ECONOMIC JUSTICE, INC.**

**Notes to Financial Statements (continued)**  
**December 31, 2022**

**Note 3 – Liquidity and availability of financial assets**

The Center's working capital and cash flows have variations during the year attributable to cash receipts from contributions, grants, special events and attorney fees. The following is a summary of the Center's financial assets as December 31, 2022 and December 31, 2021, available for general use within one year of the statement of financial position date:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 376,564	\$ 599,355
Investments, at fair value	43,026	356,057
Contributions and grants receivable	180,020	415,078
Employee retention payroll tax credits receivable	-	170,552
Accounts receivable	<u>17,770</u>	<u>1,500</u>
Total financial assets	617,380	1,542,542
Less: Security fund	136,080	136,080
Donor restrictions	<u>333,136</u>	<u>361,186</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 148,164</u>	<u>\$ 1,045,276</u>

**Note 4 – Paycheck Protection Program loans**

During April 2020, the Center received a \$264,065 loan under the Paycheck Protection Program (the "PPP Loan"). The PPP Loan which is evidenced by a promissory note was created as part of the relief efforts related to COVID-19 and is administered by the Small Business Administration. The PPP Loan was fully forgiven in August 2021 and reflected as a government grant in the 2021 statement of activities.

During February 2021, the Center received a second PPP Loan for \$263,165. The second PPP Loan was fully forgiven in May 2022 and is reflected as a government grant in the 2022 statement of activities.

**Note 5 – Employee retention payroll tax credits**

In response to the coronavirus emergency, the Coronavirus Aid, Relief and Economic Security Act and subsequent legislation (the "Acts") was signed into law. The Acts provided, among other things, a refundable credit of certain qualified wages per employee for wages paid or incurred from March 13, 2020 through September 30, 2021. In connection therewith, such payroll tax credits for the year ended December 31, 2021 totaled \$170,552 and are reflected as an other addition in the 2021 statement of activities and a receivable in the statement of financial position as of December 31, 2021. The Center received payments for such credits during 2022.

**NATIONAL CENTER FOR LAW AND ECONOMIC JUSTICE, INC.**

**Notes to Financial Statements (continued)**  
**December 31, 2022**

**Note 6 – Grants, contributions and net assets released from restrictions**

The Center reports grants and contributions as net assets with donor restrictions if they are received with donor stipulations, which limit the use of the donated assets. When a donor stipulation expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions. The Center follows the New York State Not-for-Profit Corporation Law when adhering to donor-restricted contributions. The activity in the Center's donor-restricted contributions for the year ended December 31, 2022 was as follows:

	Balance December 31, <u>2021</u>	Support and <u>Revenue</u>	Released from <u>Restrictions</u>	Balance December 31, <u>2022</u>
New York Community Trust	\$ 87,555	\$ -	\$ (84,768)	\$ 2,787
IOLA	87,500	-	(70,000)	17,500
Paul M. Dodyk Fellowship Fund	15,254	1	-	15,255
The Freedman Fund for Due Process	87,339	27,091	(85,000)	29,430
Blaustein Foundation	30,000	120,000	(60,000)	90,000
Columbia Law School	-	45,000	(13,685)	31,315
John DeWitt Gregory Charitable	-	150,000	(3,151)	146,849
Skadden Foundation Fellowship	<u>53,538</u>	<u>-</u>	<u>(53,538)</u>	<u>-</u>
Total	<u>\$ 361,186</u>	<u>\$ 342,092</u>	<u>\$ (370,142)</u>	<u>\$ 333,136</u>

**Note 7 – Retirement plan**

The Center has a 403(b) tax deferred annuity retirement plan (the "Plan") for all eligible employees. Eligible employees may defer a portion of their compensation not to exceed limits established by the Internal Revenue Code. The Center made contributions to the Plan at the rate 7.5% of a participant's compensation. Such contributions are vested 100% immediately for the benefit of the employee. The Center's contributions to the Plan totaled \$120,482 and \$102,412 for the years ended December 31, 2022 and December 31, 2021, respectively.

**NATIONAL CENTER FOR LAW AND ECONOMIC JUSTICE, INC.**

**Notes to Financial Statements (continued)**  
**December 31, 2022**

**Note 8 – Operating lease liability**

During April 2021, the Center entered into a lease agreement for office space commencing November 16, 2021 and expiring October 31, 2032 at an initial base annual rent of \$291,816 increasing to \$413,461 during the final year of the lease. The Center received a six-month rent abatement at the commencement of the lease.

In addition to the base annual rent, the Center is required to pay its proportionate share of increases in certain operating costs of the landlord as outlined in the lease. In connection with the lease, in lieu of a cash deposit, the Center obtained an irrevocable standby letter of credit of \$136,080 from a bank in favor of the landlord to be used in the event of default pursuant to the terms of the lease.

Occupancy costs for the years ended December 31, 2022 and December 31, 2021 totaled \$346,802 (including rent of \$318,032 and utility costs of \$28,770) and \$178,351 (including rent of \$175,545 and utility costs of \$2,806), respectively.

The following are the required future minimum annual rental payments under the lease:

<u>Year</u>	<u>Amount</u>
2023	\$ 296,952
2024	305,271
2025	313,839
2026	322,665
2027	346,973
2028 and thereafter	<u>1,882,557</u>
Total	3,468,257
Less: present value discount	<u>(364,427)</u>
Operating lease liability	<u>\$ 3,103,830</u>

**Note 9 – Promissory notes**

During 2022, the Center received \$450,000 in interest-free loans from five Board Members which were secured by promissory notes (the “notes”). Loans totaling \$220,000 were forgiven during 2022 and the balance of the notes totaling \$230,000 was repaid by the Center during 2022. The proceeds from the notes were used for general operations.

**NATIONAL CENTER FOR LAW AND ECONOMIC JUSTICE, INC.****Notes to Financial Statements (continued)  
December 31, 2022****Note 10 – Financial condition**

After a challenging year, the Center's financial stability is improving in ways that will meet immediate fiscal needs as well as creating long term revenue sources. In 2023, the Center has had robust responses to Gala fundraising. The Center has also experienced the unexpected departure of two staff members. Although the Center intends to fill both positions, the Center expects that that process will take several months, thereby reducing payroll and benefits costs considerably. That saved cost, along with the additional revenue from the 2023 Gala and other potential sources, is projected to substantially reduce or eliminate the deficit. The Center also identified and started cultivating several additional foundations to which the Center will be applying over the next several months for support. The Center anticipates making applications in excess of one million dollars to those foundations for multi-year grants.

**Note 11 – Tax status**

The Center is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Center has been determined by the Internal Revenue Service to be a publicly supported organization, and not a private foundation under the meaning of Section 509(a)(1) of the Code. The Center qualifies for the maximum charitable contribution deductions for donors.