

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

**Financial Statements
for year ended
December 31, 2023**

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, 2023, 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, 2023 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.

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 2022 financial statements, and in our report dated May 24, 2023, 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, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Condon O'Meara McGinty & Donnelly LLP

June 4, 2024

NATIONAL CENTER FOR LAW AND ECONOMIC JUSTICE, INC.

Statement of Financial Position

Assets

	December 31	
	2023	2022
Current assets		
Cash and cash equivalents	\$ 211,238	\$ 376,564
Investments, at fair value	52,187	43,026
Contributions and grants receivable	803,147	180,020
Accounts receivable	202,934	17,770
Prepaid expenses	60,693	57,814
Total current assets	<u>1,330,199</u>	<u>675,194</u>
Property and equipment		
Furniture, fixtures and equipment	33,765	33,765
Less: accumulated depreciation and amortization	<u>27,797</u>	<u>21,828</u>
Net property and equipment	<u>5,968</u>	<u>11,937</u>
Right-of-use asset – operating lease, net	<u>2,735,851</u>	<u>2,956,995</u>
Total assets	<u>\$4,072,018</u>	<u>\$3,644,126</u>

Liabilities and Net Assets

Current liabilities		
Accounts payable and accrued expenses	\$ 194,325	\$ 313,313
Current portion of operating lease liability	<u>305,271</u>	<u>296,952</u>
Total current liabilities	499,596	610,265
Operating lease liability, net of current portion	<u>2,618,152</u>	<u>2,806,878</u>
Total liabilities	<u>3,117,748</u>	<u>3,417,143</u>
Net assets		
Without donor restrictions		
Operating fund (deficit)	(1,343,310)	(917,499)
Stabilization fund	630,266	675,266
Lease security fund	<u>136,080</u>	<u>136,080</u>
Total without donor restrictions	(576,964)	(106,153)
With donor restrictions	<u>1,531,234</u>	<u>333,136</u>
Total net assets	<u>954,270</u>	<u>226,983</u>
Total liabilities and net assets	<u>\$4,072,018</u>	<u>\$3,644,126</u>

See notes to financial statements.

NATIONAL CENTER FOR LAW AND ECONOMIC JUSTICE, INC.

Statement of Activities
For Year Ended December 31, 2023
(with Summarized Comparative Information for the Year Ended December 31, 2022)

	2023					2022				
	Without Donor Restrictions									
	Operating Fund	Stabilization Fund	Lease Security Fund	Total	With Donor Restrictions	Total	Total	Total	Total	Total
Public support and revenue										
Public support										
Contributions										
Paul M. Dodyk Fellowship Fund	\$ -	\$ -	\$ -	\$ -	\$ 408	\$ 408	\$ -	\$ -	\$ -	\$ -
The Freedman Fund for Due Process	-	-	-	-	37,129	37,129	37,129	37,129	26,709	26,709
Partner organization	-	-	-	-	524,654	524,654	-	-	-	-
Other	581,664	-	-	581,664	140,000	721,664	790,168	790,168	338,178	338,178
Grants	110,521	-	-	110,521	1,445,719	1,556,240	263,165	263,165	263,165	263,165
Government grant – Paycheck Protection Program loan	-	-	-	-	-	-	-	-	-	-
Special events, net of direct costs of \$173,248 in 2023 and \$194,341 in 2022	625,427	-	-	625,427	-	625,427	383,223	383,223	186,156	186,156
Contributed nonfinancial assets	209,625	-	-	209,625	-	209,625	-	-	-	-
Net assets released from restrictions	949,814	-	-	949,814	(949,814)	-	-	-	-	-
Total public support	2,477,051	-	-	2,477,051	1,198,096	3,675,147	1,987,599	1,987,599	1,987,599	1,987,599
Revenue										
Attorney fees	393,434	-	-	393,434	-	393,434	354,207	354,207	3,289	3,289
Investment return and other	(467)	-	-	(467)	2	(465)	-	-	-	-
Total revenue	392,967	-	-	392,967	2	392,969	357,496	357,496	357,496	357,496
Total public support and revenue	2,870,018	-	-	2,870,018	1,198,098	4,068,116	2,345,095	2,345,095	2,345,095	2,345,095
Expenses										
Program services	2,545,621	-	-	2,545,621	-	2,545,621	2,264,119	2,264,119	443,125	443,125
Management and general	399,681	-	-	399,681	-	399,681	415,715	415,715	3,122,959	3,122,959
Fund-raising	395,527	-	-	395,527	-	395,527	-	-	-	-
Total expenses	3,340,829	-	-	3,340,829	-	3,340,829	2,684,844	2,684,844	2,684,844	2,684,844
Increase (decrease) in net assets before interfund transfer	(470,811)	-	-	(470,811)	1,198,098	727,287	(777,864)	(777,864)	-	-
Interfund transfer	45,000	(45,000)	-	-	-	-	-	-	-	-
Increase (decrease) in net assets after interfund transfer	(425,811)	(45,000)	-	(470,811)	1,198,098	727,287	(777,864)	(777,864)	1,004,847	1,004,847
Net assets (deficit), beginning of year	(917,499)	675,266	136,080	(106,153)	333,136	226,983	1,004,847	1,004,847	1,004,847	1,004,847
Net assets (deficit), end of year	\$(1,343,310)	\$ 630,266	\$ 136,080	\$ (576,964)	\$1,531,234	\$ 954,270	\$ 226,983	\$ 226,983	\$ 226,983	\$ 226,983

See notes to financial statements.

NATIONAL CENTER FOR LAW AND ECONOMIC JUSTICE, INC.

**Statement of Functional Expenses
For Year Ended December 31, 2023
(with Summarized Comparative Information for the year ended December 31, 2022)**

	2023				2022
	Program Services	Management and General	Fund- raising	Direct Cost of Special Events	Total
Salaries and related					
Professional salaries	\$1,296,284	\$ 199,766	\$ 183,386	\$ -	\$1,622,233
Support staff salaries	91,121	8,120	7,768	-	74,507
Law students	17,483	1,559	1,490	-	1,452
Volunteer legal staff	90,914	-	-	-	147,737
Volunteer law students	23,642	-	-	-	33,899
Employee benefits and payroll taxes	451,400	40,227	38,478	-	511,430
Total salaries and related	1,970,844	249,672	231,122	-	2,391,258
Non-personnel					
Rent and other occupancy costs	299,087	26,659	25,500	-	348,212
Catering, facility rental and other	-	-	-	173,248	194,341
Communications	10,936	975	932	-	1,355
Equipment rental and maintenance	-	-	-	-	2,454
Donated equipment and software	-	-	-	-	650
Office supplies	15,938	11,812	3,411	-	36,774
Postage and messengers	538	13	36	-	443
Staff and board travel	420	651	32	-	762
Strategic planning	-	-	-	-	16,535
Staff training	1,200	-	-	-	6,299
Telephone	7,903	601	576	-	11,100
Library	18,740	-	-	-	15,170
Audit fees	-	17,247	-	-	16,900
Insurance	20,767	377	361	-	20,721
Dues and subscriptions	3,436	134	56	-	3,423
Contract services	25,576	89,952	132,055	-	173,828
Donated contract services	95,069	-	-	-	3,870
Litigation	57,895	-	-	-	9,879
Bad debt	-	-	-	-	43,000
Bank credit card fees	12,189	1,135	1,013	-	14,358
Depreciation and amortization	5,083	453	433	-	5,968
Total non-personnel	574,777	150,009	164,405	173,248	926,042
Total expenses by function	2,545,621	399,681	395,527	173,248	3,317,300
Less: direct benefits expenses net with revenue on the statement of activities	-	-	-	(173,248)	(194,341)
Total	\$2,545,621	\$ 399,681	\$ 395,527	\$ -	\$3,122,959

See notes to financial statements.

NATIONAL CENTER FOR LAW AND ECONOMIC JUSTICE, INC.

Statement of Cash Flows

	Year Ended December 31	
	<u>2023</u>	<u>2022</u>
Cash flows from operating activities		
Increase (decrease) in net assets	\$ 727,287	\$ (777,864)
Adjustments to reconcile increase (decrease) in net assets to net cash (used in) operating activities		
Forgiveness of Paycheck Protection Program loans	-	(263,165)
Forgiveness of loans payable	-	(220,000)
Depreciation and amortization	5,969	5,968
Donated stock	(11,416)	(13,081)
Proceeds from sale of donated stock	11,416	13,081
Change in right-of-use asset – operating lease	221,144	111,075
(Increase) decrease in current assets		
Contributions and grants receivable	(623,127)	235,058
Employee retention payroll tax credits receivable	-	170,552
Accounts receivable	(185,164)	(16,270)
Prepaid expenses	(2,879)	(2,413)
(Decrease) in accounts payable and accrued expenses	(118,988)	(24,716)
Increase (decrease) in operating lease liability	<u>(180,407)</u>	<u>35,760</u>
Net cash (used in) operating activities	<u>(156,165)</u>	<u>(746,015)</u>
Cash flows from investing activities		
Purchase of property and equipment	-	(9,807)
Change in portfolio money market funds	<u>(9,161)</u>	<u>313,031</u>
Net cash provided by (used in) investing activities	<u>(9,161)</u>	<u>303,224</u>
Cash flows from financing activities		
Proceeds from loans	-	450,000
Loan principal repayments	<u>-</u>	<u>(230,000)</u>
Net cash provided by financing activities	<u>-</u>	<u>220,000</u>
Net (decrease) in cash and cash equivalents	(165,326)	(222,791)
Cash and cash equivalents, beginning of year	<u>376,564</u>	<u>599,355</u>
Cash and cash equivalents, end of year	<u>\$ 211,238</u>	<u>\$ 376,564</u>

See notes to financial statements.

NATIONAL CENTER FOR LAW AND ECONOMIC JUSTICE, INC.

Notes to Financial Statements December 31, 2023

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 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, 2023****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 2023 and 2022, the Board authorized transfers of \$45,000 and \$250,000, respectively, 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, 2023****Note 1 – Organization and purpose and summary of significant accounting policies (continued)**Revenue recognition

Contributions and grants received, including unconditional promises to give, are recognized as support in the period received at their fair values. Contributions and grants are recorded as support with donor restrictions if they are received with donor stipulations that limit their use.

Attorney fees are recognized as revenue when earned and the Center has determined that the performance obligation with respect to attorney fees has been satisfied.

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 and consist of money market funds at December 31, 2023 and December 31, 2022.

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.

Operating leases

Right of use assets and a lease liabilities are recognized at the lease commencement date based on the future lease payment over the expected lease term. 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 has elected not to record leases with an initial term of 12 months or less.

NATIONAL CENTER FOR LAW AND ECONOMIC JUSTICE, INC.**Notes to Financial Statements (continued)
December 31, 2023****Note 1 – Organization and purpose and summary of significant accounting policies (continued)**Deferred rent

The Center leases office space under an operating lease agreement. Landlord incentives and rent escalation clauses which provide for scheduled rent increases during the lease term are recorded on a straight-line basis over the lease term. The difference between the rent due under the stated periods compared to the straight-line basis are recorded net with the right-of-use asset in the statement of financial position.

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. At times, cash balances exceeded the FDIC insurance limit. The Center has not experienced any losses in these accounts to date. 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, 2023. 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, 2022, from which the summarized information was derived.

Subsequent events

The Center has evaluated events and transactions for potential recognition or disclosure through June 4, 2024, which is the date the financial statements were available to be issued.

NATIONAL CENTER FOR LAW AND ECONOMIC JUSTICE, INC.

Notes to Financial Statements (continued)
December 31, 2023

Note 2 – 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, 2023 and December 31, 2022, available for general use within one year of the statement of financial position date:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 211,238	\$ 376,564
Investments, at fair value	52,187	43,026
Contributions and grants receivable	803,147	180,020
Accounts receivable	<u>202,934</u>	<u>17,770</u>
Total financial assets	1,269,506	617,380
Less: Lease security fund	136,080	136,080
Donor restrictions	<u>1,531,234</u>	<u>333,136</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ (397,808)</u>	<u>\$ 148,164</u>

Note 3 – 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, 2023 was as follows:

	<u>Balance December 31, 2022</u>	<u>Support and Revenue</u>	<u>Released from Restrictions</u>	<u>Balance December 31, 2023</u>
Time restricted	\$ 257,136	\$ 200,000	\$ (219,328)	\$ 237,808
Purpose restricted	<u>76,000</u>	<u>1,947,912</u>	<u>(730,486)</u>	<u>1,293,426</u>
Total	<u>\$ 333,136</u>	<u>\$2,147,912</u>	<u>\$ (949,814)</u>	<u>\$1,531,234</u>

NATIONAL CENTER FOR LAW AND ECONOMIC JUSTICE, INC.

Notes to Financial Statements (continued)
December 31, 2023

Note 4 – 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, 2023 and December 31, 2022 totaled \$347,755 (including rent of \$318,032 and utility costs of \$29,723) and \$346,802 (including rent of \$318,032 and utility costs of \$28,770), respectively.

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

<u>Year</u>	<u>Amount</u>
2024	\$ 305,271
2025	313,839
2026	322,665
2027	346,973
2028	365,767
2029 and thereafter	<u>1,516,790</u>
Total	3,171,305
Less: present value discount	<u>247,882</u>
Operating lease liability	2,923,423
Less: current portion	<u>305,271</u>
Long-term portion	<u>\$2,618,152</u>

Note 5 – Promissory notes

During 2024, the Center received \$175,000 in interest-free loans from four Board Members which were secured by promissory notes (the “notes”) and security interests in the assets and personal property of the Center. The proceeds from the notes are for general operations.

During 2022, the Center received \$450,000 in interest-free loans from five Board Members which were secured by promissory notes (the “notes”) and security interests in the assets and personal property of the Center. 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, 2023****Note 6 – Retirement plan**

The Center has a 403(b) plan (the “Plan”) for all eligible employees. Eligible employees may defer a portion of their compensation not to exceed limits established under 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 \$115,808 and \$120,482 for the years ended December 31, 2023 and December 31, 2022, respectively.

Note 7 – Paycheck Protection Program loans

During February 2021, the Center received a \$263,165 loan under the Paycheck Protection Program (the “PPP Loan”). The PPP Loan which was evidenced by a promissory note was created as part of the relief efforts related to COVID-19 and was administered by the Small Business Administration. The PPP Loan was fully forgiven in May 2022 and reflected as a government grant in the 2022 statement of activities.

Note 8 – Financial condition

The Center continues to take steps to increase financial stability while facing various financial challenges. Although last year’s fundraising gala produced higher than expected revenue, the Center’s gala this year fell nearly a quarter of a million dollars short of last year’s and thus our original projections. Further, projected revenues from foundations which the Center has been cultivating did not produce the anticipated grants. The Center is actively pursuing a number of measures to address the projected deficit in the budget, including cutting organizational expenses, increasing revenue by adding new revenue streams to the budget, and working to obtain advances against substantial revenues expected in 2025. Expense reduction efforts include cutting staff for the 2024 calendar year, suspending the service of independent contractors, and reducing travel and other expenses wherever possible. New sources of income being explored include subletting office space and providing fees for legal services to another non-for-profit organization with which the Center has been working. The Center has substantially expanded the network of foundations from which it will be seeking grants and believes that some of them will provide grants. Finally, the Center is entitled by law to receive attorneys fees in cases in which it prevailed against defendants. Although the receipt of the fees is relatively certain, the exact amounts and dates when they will be received are subject to negotiation and/or court order. The amount of fees is estimated to be in excess of one million dollars, most likely to be received in 2025. Pending the receipt of the fees, the Center is seeking an advance from organizations which provide loans against anticipated litigation revenues.

Note 9 – 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.