

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

**Financial Statements
for year ended
December 31, 2024**

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, 2024, 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, 2024 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 2023 financial statements, and in our report dated June 4, 2024, 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, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Condon O'Meara McGinty & Donnelly LLP

NATIONAL CENTER FOR LAW AND ECONOMIC JUSTICE, INC.

Statement of Financial Position

Assets

	December 31	
	2024	2023
Current assets		
Cash and cash equivalents	\$ 296,943	\$ 211,238
Investments, at fair value	12,153	52,187
Contributions and grants receivable	335,147	803,147
Accounts receivable	536,414	202,934
Prepaid expenses	59,929	60,693
Total current assets	<u>1,240,586</u>	<u>1,330,199</u>
Contributions and grants receivable	<u>100,000</u>	<u>-</u>
Property and equipment		
Furniture, fixtures and equipment	33,765	33,765
Less: accumulated depreciation and amortization	<u>33,765</u>	<u>27,797</u>
Net property and equipment	<u>-</u>	<u>5,968</u>
Right-of-use asset – operating lease, net	<u>2,502,025</u>	<u>2,735,851</u>
Total assets	<u>\$3,842,611</u>	<u>\$4,072,018</u>

Liabilities and Net Assets

Current liabilities		
Accounts payable and accrued expenses	\$ 169,891	\$ 194,325
Current portion of operating lease liability	313,839	305,271
Promissory note	<u>50,000</u>	<u>-</u>
Total current liabilities	533,730	499,596
Recoverable grant	650,000	-
Operating lease liability, net	<u>2,408,175</u>	<u>2,618,152</u>
Total liabilities	<u>3,591,905</u>	<u>3,117,748</u>
Net assets		
Without donor restrictions		
Operating fund (deficit)	(1,407,749)	(1,343,310)
Stabilization fund	605,266	630,266
Lease security fund	<u>113,400</u>	<u>136,080</u>
Total without donor restrictions	(689,083)	(576,964)
With donor restrictions	<u>939,789</u>	<u>1,531,234</u>
Total net assets	<u>250,706</u>	<u>954,270</u>
Total liabilities and net assets	<u>\$3,842,611</u>	<u>\$4,072,018</u>

See notes to financial statements.

NATIONAL CENTER FOR LAW AND ECONOMIC JUSTICE, INC.

Statement of Activities
For Year Ended December 31, 2024
(with Summarized Comparative Information for the Year Ended December 31, 2023)

	2024						2023
	Without Donor Restrictions				With Donor Restrictions		
	Operating Fund	Stabilization Fund	Lease Security Fund	Total		Total	Total
Public support and revenue							
Public support							
Contributions							
The Freedman Fund for Due Process	\$ -	\$ -	\$ -	\$ -	\$ 39,609	\$ 39,609	\$ 37,129
Partner organization	61,920	-	-	61,920	30,960	92,880	524,654
Paul M. Dodyk Fellowship Fund	-	-	-	-	-	-	408
Other	686,361	-	-	686,361	160,000	846,361	721,664
Grants	57,808	-	-	57,808	440,000	497,808	1,556,240
Special events, net of direct costs of \$170,549 in 2024 and \$173,248 in 2023	380,035	-	-	380,035	-	380,035	625,427
Contributed nonfinancial assets	196,940	-	-	196,940	-	196,940	209,625
Net assets released from restrictions	<u>1,262,014</u>	<u>-</u>	<u>-</u>	<u>1,262,014</u>	<u>(1,262,014)</u>	<u>-</u>	<u>-</u>
Total public support	<u>2,645,078</u>	<u>-</u>	<u>-</u>	<u>2,645,078</u>	<u>(591,445)</u>	<u>2,053,633</u>	<u>3,675,147</u>
Revenue							
Attorney fees	729,643	-	-	729,643	-	729,643	393,434
Investment return and other	<u>5,569</u>	<u>-</u>	<u>-</u>	<u>5,569</u>	<u>-</u>	<u>5,569</u>	<u>(465)</u>
Total revenue	<u>735,212</u>	<u>-</u>	<u>-</u>	<u>735,212</u>	<u>-</u>	<u>735,212</u>	<u>392,969</u>
Total public support and revenue	<u>3,380,290</u>	<u>-</u>	<u>-</u>	<u>3,380,290</u>	<u>(591,445)</u>	<u>2,788,845</u>	<u>4,068,116</u>
Expenses							
Program services	2,563,157	-	-	2,563,157	-	2,563,157	2,545,621
Management and general	546,922	-	-	546,922	-	546,922	399,681
Fund-raising	<u>382,330</u>	<u>-</u>	<u>-</u>	<u>382,330</u>	<u>-</u>	<u>382,330</u>	<u>395,527</u>
Total expenses	<u>3,492,409</u>	<u>-</u>	<u>-</u>	<u>3,492,409</u>	<u>-</u>	<u>3,492,409</u>	<u>3,340,829</u>
Increase (decrease) in net assets before transfers	<u>(112,119)</u>	<u>-</u>	<u>-</u>	<u>(112,119)</u>	<u>(591,445)</u>	<u>(703,564)</u>	<u>727,287</u>
Interfund transfer	<u>25,000</u>	<u>(25,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Letter of credit transfer	<u>22,680</u>	<u>-</u>	<u>(22,680)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net assets after transfers	<u>(64,439)</u>	<u>(25,000)</u>	<u>(22,680)</u>	<u>(112,119)</u>	<u>(591,445)</u>	<u>(703,564)</u>	<u>727,287</u>
Net assets (deficit), beginning of year	<u>(1,343,310)</u>	<u>630,266</u>	<u>136,080</u>	<u>(576,964)</u>	<u>1,531,234</u>	<u>954,270</u>	<u>226,983</u>
Net assets (deficit), end of year	<u><u>\$(1,407,749)</u></u>	<u><u>\$ 605,266</u></u>	<u><u>\$ 113,400</u></u>	<u><u>\$ (689,083)</u></u>	<u><u>\$ 939,789</u></u>	<u><u>\$ 250,706</u></u>	<u><u>\$ 954,270</u></u>

See notes to financial statements.

NATIONAL CENTER FOR LAW AND ECONOMIC JUSTICE, INC.

Statement of Functional Expenses
For Year Ended December 31, 2024
(with Summarized Comparative Information for the year ended December 31, 2023)

	2024				2023
	Program Services	Management and General	Fund- raising	Direct Cost of Special Events	Total
Salaries and related					
Professional salaries	\$1,344,270	\$ 176,426	\$ 214,070	\$ -	\$1,734,766
Support staff salaries	144,257	18,933	22,973	-	186,163
Law students	8,004	1,050	1,275	-	10,329
Volunteer legal staff	87,706	-	-	-	87,706
Volunteer law students	30,048	-	-	-	30,048
Employee benefits and payroll taxes	<u>346,734</u>	<u>45,506</u>	<u>55,216</u>	<u>-</u>	<u>447,456</u>
Total salaries and related	<u>1,961,019</u>	<u>241,915</u>	<u>293,534</u>	<u>-</u>	<u>2,496,468</u>
Non-personnel					
Rent and other occupancy costs	275,188	36,117	43,823	-	355,128
Catering, facility rental and other	-	-	-	170,549	170,549
Communications	1,157	152	184	-	1,493
Office supplies	19,053	2,500	3,034	-	24,587
Postage and messengers	158	21	25	-	204
Staff and board travel	2,237	66	80	-	2,383
Strategic planning	12,142	1,593	1,933	-	15,668
Staff training	1,564	247	216	-	2,027
Telephone	6,780	890	1,080	-	8,750
Library	22,772	-	-	-	22,772
Audit fees	-	18,400	-	-	18,400
Insurance	21,996	568	689	-	23,253
Dues and subscriptions	4,749	233	131	-	5,113
Contract services	50,487	78,349	33,164	-	162,000
Donated contract services	79,186	-	-	-	79,186
Litigation	76,805	-	-	-	76,805
Funding contract modification	-	161,814	-	-	161,814
Bank credit card fees	23,239	3,450	3,701	-	30,390
Depreciation and amortization	<u>4,625</u>	<u>607</u>	<u>736</u>	<u>-</u>	<u>5,968</u>
Total non-personnel	<u>602,138</u>	<u>305,007</u>	<u>88,796</u>	<u>170,549</u>	<u>1,166,490</u>
Total expenses by function	2,563,157	546,922	382,330	170,549	3,662,958
Less: direct benefits expenses net with revenue on the statement of activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(170,549)</u>	<u>(173,248)</u>
Total	<u>\$2,563,157</u>	<u>\$ 546,922</u>	<u>\$ 382,330</u>	<u>\$ -</u>	<u>\$3,492,409</u>

See notes to financial statements.

NATIONAL CENTER FOR LAW AND ECONOMIC JUSTICE, INC.

Statement of Cash Flows

	Year Ended December 31	
	<u>2024</u>	<u>2023</u>
Cash flows from operating activities		
Increase (decrease) in net assets	\$ (703,564)	\$ 727,287
Adjustments to reconcile increase (decrease) in net assets to net cash (used in) operating activities		
Forgiveness of promissory notes	(100,000)	-
Depreciation and amortization	5,968	5,969
Donated stock	(15,091)	(11,416)
Proceeds from sale of donated stock	15,091	11,416
Change in right-of-use asset – operating lease	233,826	221,144
(Increase) decrease in assets		
Contributions and grants receivable	368,000	(623,127)
Accounts receivable	(333,480)	(185,164)
Prepaid expenses	764	(2,879)
(Decrease) in accounts payable and accrued expenses	(24,434)	(118,988)
Repayment of operating lease liability	(201,409)	(180,407)
Net cash (used in) operating activities	<u>(754,329)</u>	<u>(156,165)</u>
Cash flows from investing activities		
Change in portfolio money market funds	<u>40,034</u>	<u>(9,161)</u>
Cash flows from financing activities		
Proceeds from recoverable grant	650,000	-
Proceeds from promissory notes	225,000	-
Promissory notes repayments	<u>(75,000)</u>	<u>-</u>
Net cash provided by financing activities	<u>800,000</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	85,705	(165,326)
Cash and cash equivalents, beginning of year	<u>211,238</u>	<u>376,564</u>
Cash and cash equivalents, end of year	<u>\$ 296,943</u>	<u>\$ 211,238</u>
Supplemental disclosure of cash flows information:		
Cash paid for interest	<u>\$ 3,000</u>	<u>\$ -</u>

See notes to financial statements.

NATIONAL CENTER FOR LAW AND ECONOMIC JUSTICE, INC.

Notes to Financial Statements December 31, 2024

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, 2024

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 2024 and 2023, the Board authorized transfers of \$25,000 and \$45,000, 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 \$113,400, as required by the terms of the Center’s lease at 50 Broadway and therefore a transfer of \$22,680 was made from the Lease Security Fund to the Operating Fund during 2024.

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.

NATIONAL CENTER FOR LAW AND ECONOMIC JUSTICE, INC.**Notes to Financial Statements (continued)
December 31, 2024****Note 1 – Organization and purpose and summary of significant accounting policies (continued)****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.

Contributions

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.

Revenue recognition

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.

All of the Center's revenue is recognized at a point in time.

Cash and cash equivalents

Cash and cash equivalents consist of a money market fund.

Allowance for credit losses

The Center considers all contributions, grants and accounts receivable to be collectible, and accordingly, does not have an allowance for credit losses. Such estimate is based on management's experience, the aging of the receivables, subsequent receipts and current and future anticipated economic conditions. During 2024, the Center wrote-off \$161,814 in connection with a funding contract modification. There were no bad debt write-offs in 2023.

Investments

Investments are recorded at fair value and consist of money market funds at December 31, 2024 and December 31, 2023.

NATIONAL CENTER FOR LAW AND ECONOMIC JUSTICE, INC.**Notes to Financial Statements (continued)**
December 31, 2024**Note 1 – Organization and purpose and summary of significant accounting policies (continued)**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 are amortized over the term of the lease or the estimated useful life, whichever is shorter.

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.

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. 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, 2024. Receivables are reviewed for collectability 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.

NATIONAL CENTER FOR LAW AND ECONOMIC JUSTICE, INC.

Notes to Financial Statements (continued)
December 31, 2024

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

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, 2023, from which the summarized information was derived.

Subsequent events

The Center has evaluated events and transactions for potential recognition or disclosure through June 17, 2025, which is the date the financial statements were available to be issued.

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, 2024 and December 31, 2023, available for general use within one year of the statement of financial position date:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 296,943	\$ 211,238
Investments, at fair value	12,153	52,187
Current portion of contributions and grants receivable	335,147	803,147
Accounts receivable	<u>536,414</u>	<u>202,934</u>
Total financial assets	1,180,657	1,269,506
Less: Lease security fund	113,400	136,080
Net assets with donor restrictions	<u>939,789</u>	<u>1,531,234</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 127,468</u>	<u>\$ (397,808)</u>

NATIONAL CENTER FOR LAW AND ECONOMIC JUSTICE, INC.

Notes to Financial Statements (continued)
December 31, 2024

Note 3 – Contributions and grants receivable

Contributions and grants receivable are unconditional promises to make contributions to the Center. At December 31, 2024 and December 31, 2023, contributions and grants receivable are expected to be received as follows:

	<u>2024</u>	<u>2023</u>
Due within one year	\$ 335,147	\$ 803,147
Due in one to five years	<u>100,000</u>	<u>-</u>
Total	<u>\$ 435,147</u>	<u>\$ 803,147</u>

Note 4 – 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, 2024 was as follows:

	<u>Balance December 31, 2023</u>	<u>Support and Revenue</u>	<u>Released from Restrictions</u>	<u>Balance December 31, 2024</u>
Time restricted	\$ 237,808	\$ 360,000	\$ (270,000)	\$ 327,808
Purpose restricted	<u>1,293,426</u>	<u>310,569</u>	<u>(992,014)</u>	<u>611,981</u>
Total	<u>\$1,531,234</u>	<u>\$ 670,569</u>	<u>\$(1,262,014)</u>	<u>\$ 939,789</u>

Note 5 – Recoverable grant

In July 2024, the Center entered into a recoverable grant agreement (the "agreement") with a non-profit organization whereby the Center could borrow up to \$500,000 for a three-year period ending July 2027. The agreement was modified in November 2024, allowing the Center to borrow up to \$650,000. The agreement calls for interest at 7% per annum and matures on the 10th anniversary of the last draw during the borrowing period ending in July 2027. The Center is only obligated to repay the loan in the event of fee recoveries in an amount equal to the lesser of 50% of the fee recovery or the total outstanding principal and interest on the agreement. In the absence of a fee recovery, the Center will have no obligation to repay the unpaid principal and interest at maturity and the Center will be released and discharged from its obligation. The agreement is secured by a first-priority interest in all of the Center's right, title and interest in 100% of the proceeds or any fee recovery arising from and relating to the Center's case portfolio. As of the date of these financial statements, the Center repaid the outstanding balance at December 31, 2024 in full.

NATIONAL CENTER FOR LAW AND ECONOMIC JUSTICE, INC.

Notes to Financial Statements (continued)
December 31, 2024

Note 6 – 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 has an irrevocable standby letter of credit of \$113,400 from a bank in favor of the landlord to be used in the event of default pursuant to the terms of the lease.

Related occupancy costs for the years ended December 31, 2024 and December 31, 2023 totaled \$351,336 (including rent of \$318,032 and utility costs of \$33,304) and \$347,755 (including rent of \$318,032 and utility costs of \$29,723), respectively.

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

<u>Year</u>	<u>Amount</u>
2025	\$ 313,839
2026	322,665
2027	346,973
2028	365,767
2029	376,150
2030 and thereafter	<u>1,140,640</u>
Total	2,866,034
Less: present value discount	<u>144,020</u>
Operating lease liability	2,722,014
Less: current portion	<u>313,839</u>
Long-term portion	<u>\$ 2,408,175</u>

Note 7 – Promissory notes

During 2024, the Center received \$175,000 in interest-free loans from four Board Members secured by an interest in an unpaid bequest and grant installment. The proceeds were used for general operations. During 2024, loans totaling \$100,000 were forgiven and \$25,000 was repaid by the Center. The balance outstanding as of December 31, 2024 was \$50,000. As of the date of these financial statements, the balance outstanding as of December 31, 2024 was repaid in full.

In addition, during June 2024, the Center received a \$50,000 interest-free loan from a company that was secured by an interest in an unpaid bequest and grant installment. The loan was repaid in full in December 2024. The proceeds were used for general operations.

NATIONAL CENTER FOR LAW AND ECONOMIC JUSTICE, INC.**Notes to Financial Statements (continued)**
December 31, 2024**Note 8 – 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 \$75,315 and \$115,808 for the years ended December 31, 2024 and December 31, 2023, respectively.

Note 9 – Financial condition

Following several years of financial challenges, the Center’s financial position has changed dramatically and, as a result, we anticipate ending 2025 with a substantial surplus. Many of the previous revenue problems faced by the Center in prior years were due to uncertainty about the anticipated receipts from attorney fees and their expected time of receipt. During 2025, many of the long-anticipated attorney fees have been received, including one award that brought in significant fee revenue to the Center. Likewise, cultivation efforts in previous years resulted in the receipt of a significant two-year grant, with a number of smaller grants received or anticipated. Other smaller contributors to the Center’s more stable financial condition were the receipt of a bequest and a successful gala which yielded well in excess of the projected budget amount.

As a result of these and other revenues, the Center has completed the repayment of loans from Board members, and the repayment of funds borrowed from the Center’s Stabilization Fund and recoverable grant. The receipts of the revenues outlined above and others projected are expected to enable the organization to move into a yearly budget surplus and allow the replenishment of the Stabilization Fund to a substantial level.

Note 10 – 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.