

PUBLIC LAW CENTER
Financial Statements
Year Ended December 31, 2024
(With Independent Auditor's Report Thereon)

PUBLIC LAW CENTER
Financial Statements
Year Ended December 31, 2024

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Independent Auditor's Report

Board of Directors
Public Law Center
Santa Ana, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Public Law Center (a nonprofit "Organization"), 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 accompanying financial statements present fairly, in all material respects, the financial position of the Public Law Center as of December 31, 2024 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. 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 Public Law 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.

Emphasis of a Matter

As discussed in Note 14 to the financial statements, the Organization restated its previously issued financial statements to correct an error in revenue recognition. Certain contributions that met the criteria for recognition. Certain legal settlement revenue that met the criteria for recognition in the year ended December 31, 2023, were incorrectly recorded in the year ended December 31, 2024. Accordingly, the beginning net assets as of January 31, 2024 have been restated. Our opinion is not modified with respect to this 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

Public Law Center's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Public Law 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 Public Law 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 Public Law Center's December 31, 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 10, 2024. 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.



July 14, 2025
Irvine, California

PUBLIC LAW CENTER
Statement of Financial Position
December 31, 2024
(with comparative information as of December 31, 2023)

	<u>2024</u>	<u>2023</u>
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents (note 2)	\$ 1,683,835	3,188,664
Investments (note 3)	1,423,539	370,219
Contributions receivable (note 6)	317,878	157,544
Grants receivable (note 7)	428,611	494,464
Other receivables	-	970,624
Prepaid expenses	132,693	69,005
Other assets	40,309	50,204
Total current assets	<u>4,026,865</u>	<u>5,300,724</u>
Right-to-use assets, net (note 12)	1,027,692	1,289,868
Property and equipment, net (note 8)	739,886	757,104
Total assets	<u>\$ 5,794,443</u>	<u>7,347,696</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 729,942	440,654
Deposits payable	1,611	1,611
Current portion of note payable (note 10)	11,315	10,242
Current portion of lease payable (note 12)	248,349	53,156
Total current liabilities	<u>991,217</u>	<u>505,663</u>
Non-current liabilities:		
Note payable (note 10)	110,941	122,831
Lease payable (note 12)	818,472	1,086,121
Total liabilities	<u>1,920,630</u>	<u>1,714,615</u>
Net assets:		
Without donor restrictions	3,766,313	5,000,217
With donor restrictions (note 5)	107,500	632,864
Total net assets	<u>3,873,813</u>	<u>5,633,081</u>
Total liabilities and net assets	<u>\$ 5,794,443</u>	<u>7,347,696</u>

See accompanying notes to the financial statements

PUBLIC LAW CENTER
Statement of Activities
December 31, 2024
(with comparative information as of December 31, 2023)

	Without Donor Restrictions	With Donor Restrictions	Totals	
			2024	2023
Support and revenues:				
Contributions:				
Contributed services (note 2)	\$ 12,509,436	-	12,509,436	11,559,981
Other contributions	4,433,595	145,000	4,578,595	4,194,982
Total contributions	<u>16,943,031</u>	<u>145,000</u>	<u>17,088,031</u>	<u>15,754,963</u>
Grant income (note 4)	1,503,835	-	1,503,835	2,200,098
Special events, net (note 13)	576,338	-	576,338	619,183
Interest	174,851	-	174,851	117,133
Unrealized gain on investments	4,968	-	4,968	46,622
Miscellaneous	94,032	-	94,032	1,146,569
COVID programs	-	-	-	226,714
Net assets released from restrictions	670,364	(670,364)	-	-
Total support and revenues	<u>19,967,419</u>	<u>(525,364)</u>	<u>19,442,055</u>	<u>20,111,282</u>
Expenses:				
Program services	19,519,598	-	19,519,598	17,284,262
Supporting services:				
Management and general	1,255,468	-	1,255,468	1,200,430
Fundraising	426,257	-	426,257	368,433
Total supporting services	<u>1,681,725</u>	<u>-</u>	<u>1,681,725</u>	<u>1,568,863</u>
Total expenses	<u>21,201,323</u>	<u>-</u>	<u>21,201,323</u>	<u>18,853,125</u>
Increase (decrease) in net assets	(1,233,904)	(525,364)	(1,759,268)	1,258,157
Net assets at beginning of year, as restated (note 14)	<u>5,000,217</u>	<u>632,864</u>	<u>5,633,081</u>	<u>4,374,924</u>
Net assets at end of year	<u>\$ 3,766,313</u>	<u>107,500</u>	<u>3,873,813</u>	<u>5,633,081</u>

See accompanying notes to the financial statements

PUBLIC LAW CENTER
Statement of Functional Expenses
December 31, 2024
(with comparative information as of December 31, 2023)

	Program Services	Supporting Services			Totals	
	Operations	Management and General	Fund - Raising	Supporting Services Total	2024	2023
Salaries and wages:						
Lawyers	\$ 3,158,124	130,071	43,445	173,516	3,331,640	3,027,577
Paralegals	1,359,367	-	-	-	1,359,367	1,016,895
Non-lawyers	309,492	583,998	187,923	771,921	1,081,413	802,107
Contributed services:						
Lawyers	10,063,735	-	-	-	10,063,735	9,652,242
Paralegals	2,435,416	-	-	-	2,435,416	1,905,381
Non-lawyers	10,285	-	-	-	10,285	2,358
Payroll taxes	406,849	60,186	19,501	79,687	486,536	368,536
Fringe benefits	668,743	98,929	32,054	130,983	799,726	656,051
Contracted services	166,332	244,472	67,000	311,472	477,804	611,910
Office supplies and maintenance	84,823	12,548	4,066	16,614	101,437	112,864
Dues and subscriptions	47,377	7,009	2,271	9,280	56,657	31,874
Seminars and training	45,676	3,957	-	3,957	49,633	37,936
Other	40,037	5,923	1,919	7,842	47,879	40,823
Insurance	54,617	8,080	2,618	10,698	65,315	42,346
Equipment maintenance	141,800	20,977	6,797	27,774	169,574	140,221
Utilities	33,190	4,910	1,591	6,501	39,692	36,204
Telephone	49,708	7,353	2,383	9,736	59,444	45,634
Fundraising	-	-	39,479	39,479	39,479	23,003
Litigation	25,266	-	-	-	25,266	30,814
Interest expense	13,940	2,414	679	3,093	17,033	17,952
Bad debt	-	19,000	-	19,000	19,000	-
Lease expense	34,978	6,071	1,710	7,781	42,759	22,446
Library	79,239	-	-	-	79,238	71,972
 Total expenses before depreciation and amortization	 19,228,994	 1,215,898	 413,436	 1,629,334	 20,858,328	 18,697,146
Depreciation/amortization	290,604	39,570	12,821	52,391	342,995	155,979
 Total expenses	 \$ 19,519,598	 1,255,468	 426,257	 1,681,725	 21,201,323	 18,853,125

See accompanying notes to the financial statements

PUBLIC LAW CENTER
Statement of Cash Flows
December 31, 2024
(with comparative information as of December 31, 2023)

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ (1,759,268)	<u>1,258,157</u>
Adjustments to reconcile increase (decrease) in net assets to cash provided by (used for) operating activities:		
Depreciation expense	80,819	60,409
Loss on disposal of furniture and equipment	-	18,578
New right to use assets - operating leases	-	(1,376,453)
Reduction in the carrying amount of right-to-use assets - operating leases	262,176	95,571
Unrealized (gain) loss on investments	(4,968)	(46,622)
(Increase) decrease in contributions receivable	(160,334)	52,116
(Increase) decrease in grants receivable	65,853	(285,415)
(Increase) decrease in other receivables	970,624	(970,624)
(Increase) decrease in prepaid expenses	(63,688)	(3,268)
(Increase) decrease in other assets	9,895	(30,204)
Increase (decrease) in accounts payable and accrued liabilities	289,288	132,279
Increase (decrease) in deferred revenue	-	(323,138)
Increase (decrease) in leases payable	(72,456)	<u>1,130,133</u>
Total adjustments	<u>1,377,209</u>	<u>(1,546,638)</u>
Net cash provided by (used for) operating activities	<u>(382,059)</u>	<u>(288,481)</u>
Cash flows from investing activities:		
Purchases of investments	(3,841,923)	(323,597)
Proceeds from sale of investments	2,793,571	-
Acquisition of property and equipment	(63,601)	(240,529)
Net cash provided by (used for) investing activities	<u>(1,111,953)</u>	<u>(564,126)</u>
Cash flows from financing activities:		
Payment on note payable	(10,817)	(10,919)
Net cash provided by (used for) financing activities	<u>(10,817)</u>	<u>(10,919)</u>
Net increase (decrease) in cash and cash equivalents	(1,504,829)	(863,526)
Cash and cash equivalents at beginning of year	<u>3,188,664</u>	<u>4,052,190</u>
Cash and cash equivalents at end of year	<u>\$ 1,683,835</u>	<u>3,188,664</u>
<u>Supplemental Disclosure of Cash Flow Information</u>		
Cash paid during the year for:		
Interest	<u>\$ 59,792</u>	<u>17,952</u>

See accompanying notes to the financial statements

PUBLIC LAW CENTER

Notes to Financial Statements

Year ended December 31, 2024

(1) Organization

On July 7, 1981, Public Law Center (the "Center") began providing free civil legal assistance services to low income individuals who qualify for services. The Center also utilizes significant time donated by private attorneys and staff resources to provide services.

(2) Summary of Significant Accounting Policies

Basis of Accounting – The Center uses the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under this method of accounting, revenues are recognized when earned and expenses are recognized when incurred.

Cash and Cash Equivalents – For purposes of the Statement of Cash Flows, the Center considers all unrestricted highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents. The following items on the Statement of Financial Position were considered cash and cash equivalents for purposes of the Statement of Cash Flows as of December 31, 2024:

Demand deposits	\$ 568,450
Money market	<u>1,115,385</u>
Total	<u>\$ 1,683,835</u>

Demand deposit and money market accounts may, at times, exceed federally insured limits. As of December 31, 2024, the Center had \$352,429 in excess of Federal Deposit Insurance Corporation (FDIC) insured limits. The Center has not experienced any losses in such accounts.

Property and Equipment – The Center capitalizes all furniture and equipment expenditures in excess of \$1,000. Fixed assets consist of furniture and equipment and software are stated at cost and depreciated using the straight-line method with an estimated useful life of five years. The Center also has one building, with an estimated useful life of 30 years.

Leases - The Center determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use (ROU) assets and lease liabilities in the statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets also include prepaid or accrued rent. Operating lease expense is recognized on a straight-line basis over the lease term. The Center does not report ROU assets and leases liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

PUBLIC LAW CENTER

Notes to Financial Statements

Year ended December 31, 2024

(2) Summary of Significant Accounting Policies (Continued)

Net Assets – The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Net Assets Without Donor Restrictions

Net assets without donor restrictions are resources available to support operations. The only limits on the use of these net assets are the broad limits resulting from the nature of the organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net Assets With Donor Restrictions

Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the organization must continue to use the resources in accordance with the donor's instructions.

The organization's unspent contributions are included in this class if the donor limited their use. When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Contributions and Contributed Services – Cash contributions, pledges and interest income are recognized in the period received or earned. Contributed materials and other noncash contributions are reflected in the accompanying statements at their estimated market values at date of receipt. Contributed services are recognized if the services received: (1) create or enhance nonfinancial assets or require specialized skills; (2) are provided by individuals possessing those skills; and (3) would typically need to be purchased if not provided by contribution. During the year ended December 31, 2024, the Center had 17,837 volunteer attorneys, law clerk and paralegal hours that have been included in the Statement of Activities in an amount aggregating \$12,509,436. Other volunteer services that do not meet these criteria are not recognized in the financial statements as there is no objective basis for deriving their value.

PUBLIC LAW CENTER

Notes to Financial Statements

Year ended December 31, 2024

(2) Summary of Significant Accounting Policies (Continued)

Grant Revenue – Grant revenue is recognized when the qualifying costs are incurred for cost-reimbursement grants or contracts or when a unit of service is provided for performance grants. Grant revenue from federal agencies is subject to independent audit under the Office of Management and Budget's audit requirements for federal awards and review by grantor agencies. The review could result in the disallowance of expenditures under the terms of the grant or reductions of future grant funds. Based on prior experience, the organization's management believes that costs ultimately disallowed, if any, would not materially affect the financial position of the organization.

Statement of Functional Expense Allocation – The cost of providing the Public Law Center's programs and other activities is summarized on a functional basis in the Statement of Activities and the Statement of Functional Expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited using a reasonable allocation method that is consistently applied, as follows:

- Salaries and wages, benefits and payroll taxes are allocated for program staff based on time records kept by staff and for non-program staff by analysis of their activities.
- Contributed services, contracted services, and dues and subscriptions are allocated based on the nature of the expenditure.
- Office supplies and maintenance, insurance, equipment maintenance, utilities, telephone, interest expense, rent and depreciation and other expenses that cannot be directly identified are allocated on the basis of employee headcount for each program and supporting activity.

Management and general expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Public Law Center.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The Public Law Center generally does not conduct its fundraising activities in conjunction with its other activities.

Income Tax Status – The Center qualifies as a tax-exempt organization under Section 501(c)(3) as described in Sections 509(a)(1), 170(b)(1)(A)(vi) of the Internal Revenue Code (the "Code") and 23701(d) of the California Revenue and Taxation Code, accordingly, there is no provision for federal income taxes or California franchise tax. In addition, the Center qualifies for the charitable contribution deduction under Section 170 of the Code and has been classified as an organization that is not a private Center. Income determined to be unrelated to business taxable income (UBTI) would be taxable. The Center evaluates its uncertain tax positions, if any, on a continual basis through review of its policies and procedures, review of its regular tax filings, and discussions with outside experts.

PUBLIC LAW CENTER

Notes to Financial Statements

Year ended December 31, 2024

(2) **Summary of Significant Accounting Policies (Continued)**

The Center's federal Return of Organization Exempt from Income Tax (Form 990) for the fiscal years ended 2021, 2022 and 2023 are subject to IRS examination, generally for four years after filing. As of the date of this report, the Center's 2024 return had not yet been filed.

Use of Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Prior Year Data – Selected information regarding the prior year has been included in the accompanying financial statements. Certain reclassifications have been made to prior year amounts in order to conform to the current year presentation. This information has been included for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Center's prior year financial statements, from which this selected financial data was derived.

(3) **Cash and Investments**

Cash and investments held by the Institute consist of the following at December 31, 2024:

Cash and cash equivalents	\$1,683,835
Investments	<u>1,423,539</u>
Total cash and investments	<u>\$3,107,374</u>

The following table sets forth by level, within the fair value hierarchy, the Center's investments at fair value as of December 31, 2024.

Investment Type	Level 1	Level 2	Level 3	Total
Stock	\$ 25,586	-	-	25,586
Certificate of Deposit	-	1,397,953	-	1,397,953
Total	<u>\$ 25,586</u>	<u>1,397,953</u>	<u>-</u>	<u>1,423,539</u>

PUBLIC LAW CENTER

Notes to Financial Statements

Year ended December 31, 2024

(4) Grant Income

The Center received grants and contributions from private sources, such as law firms and charitable organizations, and from public sources to provide general legal assistance to indigent clients, including undocumented immigrants. Grant income earned during the year ended December 31, 2024 is as follows:

California Department of Social Services	\$	556,203
Cal OES		223,360
Internal Revenue Service		130,000
Program for Torture Victims		102,433
City of Irvine		90,000
Equal Justice Works		78,214
California Access to Justice Commission		73,500
County of Orange		72,272
US Department of Veterans Affairs		41,066
UC Hasting College of The Law		35,978
Sargent Shriver		22,044
Immigrant Justice		19,531
City of Santa Ana (CDBG/SAVES)		16,272
American College of Bankruptcy		12,500
California Community Foundation		10,000
California Change		9,787
Immigrant Legal Resource Ctr		5,250
CHIRLA		1,980
Community Service Programs (Waymakers)		1,020
Charitable Ventures of Orange County		1,000
Equal Justice America		1,000
Other		425
Total Grant Income	\$	<u>1,503,835</u>

(5) Net Assets With Donor Restrictions

Net assets with donor restrictions consisted of the following as of December 31, 2024:

Purpose restrictions, available for spending:		
California Community Foundation (Kaiser)	\$	37,500
Hoag 2024		<u>70,000</u>
Net assets with donor restrictions	\$	<u>107,500</u>

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Notes to Financial Statements

Year ended December 31, 2024

(6) Contributions Receivable

Changes in pledges receivable for the year ended December 31, 2024 were as follows:

Pledges receivable at beginning of year	\$ 157,544
New contribution receivable	2,155,054
Payments received	(1,975,720)
Write offs	(19,000)
Change in present value	-
Pledges receivable at year end	<u><u>\$ 317,878</u></u>

(7) Grants Receivable

Receivables from grant awards consisted of the following at December 31, 2024:

California Department of Social Services	\$167,305
Program for Torture Victims	82,448
Internal Revenue Services	65,000
Cal OES	43,567
Sargent Shriver	22,044
County of Orange	21,996
Equal Justice Works	14,590
US Department of Veteran Affairs	<u>11,661</u>
Total Grants Receivable	<u><u>\$428,611</u></u>

(8) Property and Equipment

Property and equipment on December 31, 2024, are summarized as follow:

Land	\$ 263,640
Buildings	603,145
Software	92,400
Furniture and equipment	<u>196,993</u>
Total fixed assets	1,156,178
Less: Accumulated Depreciation	<u>(416,292)</u>
Total fixed assets, net	<u><u>\$ 739,886</u></u>

Depreciation expense was \$80,819 for the year ended December 31, 2024.

PUBLIC LAW CENTER

Notes to Financial Statements

Year ended December 31, 2024

(9) Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2024 are as follows

Financial assets:

Cash and cash equivalents	\$ 1,683,835
Investments	1,423,539
Contributions receivable	317,878
Grants receivable	<u>428,611</u>
Total financial assets	3,853,863

Less financial assets held to meet donor-imposed restrictions:

Purpose restricted net assets	<u>(107,500)</u>
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Amount available for general expenditures within one year \$ 3,746,363

As part of the liquidity management plan, the Center's Board of Directors have approved investment of cash in excess of daily requirements in short term FDIC insured investments. The Center also maintains a revolving line of credit of \$100,000 with Wells Fargo Bank to cover short-term cash needs.

(10) Note Payable

On December 31, 2003, the Center entered into an agreement with the Orange County Bar Association ("OCBA") to purchase the building and land where the Center is currently located. OCBA loaned the Center a 30-year non-interest bearing principal sum of \$500,000 due December 31, 2033. If the Center fails to pay any portion of the unpaid balance of principal when due, the balance will bear interest at a rate of 5%. Installments of \$1,389 are due on the 1st day of each month. The present value of this loan was calculated to be \$274,111 based on an interest rate of 4.5%. The difference of \$225,889 was accounted for as a contribution to the Center at December 31, 2003. As of December 31, 2024, the outstanding balance was \$122,256.

Pursuant to the terms of the note, all amounts of principal and interest reflected in the table below could be declared due and payable under certain circumstances, which include, without limitation, a default on the note by the Public Law Center or the sale of the building and land that secure the note.

PUBLIC LAW CENTER

Notes to Financial Statements

Year ended December 31, 2024

(10) Note Payable (Continued)

The annual requirements to amortize the note of the Center as of December 31, 2024 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 11,315	5,352	16,667
2026	11,834	4,832	16,666
2027	12,378	4,289	16,667
2028	12,947	3,720	16,667
2029	13,541	3,125	16,666
Thereafter	60,241	5,987	66,228
Note Payable	<u>\$ 122,256</u>	<u>27,305</u>	<u>149,561</u>

(11) Commitments and Contingencies

Financial assistance from federal, state, and local governmental entities in the form of grants are subject to special audit. Such audits could result in claims against the Center for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this date.

Wells Fargo Bank extended a \$100,000 business line of credit to Public Law Center which may be drawn on at the discretion of the Center. As of December 31, 2024, the Center had not utilized this financial instrument and there was no amount outstanding.

(12) Leases

The Center entered into an agreement in May 2023 with Goldcoast Holdings LLC to lease office space at 615 W. Civic Center Drive, Suite 300, Santa Ana, 92701. The lease term is 63 months commencing in August 2023. Payment terms included an upfront payment of \$246,675 for 2023 and \$23,115 monthly payments thereafter. The Center also entered into an agreement in October 2023 with a technology company to lease a copier machine with monthly payments of \$902 for 5 years. For both leases, the Center has elected the option to use the risk-free rate determined using a period comparable to the lease terms as the discount rate for leases where the implicit rate is not readily determinable.

The Center recorded the following related to right to use assets, net and leases payable as of December 31, 2024:

	<u>Right-to-use assets, net</u>	<u>Lease payable</u>
Copier	\$ 38,743	\$ 39,625
Office Space	988,949	1,027,196
Total	<u>\$ 1,027,692</u>	<u>\$ 1,066,821</u>

PUBLIC LAW CENTER

Notes to Financial Statements

Year ended December 31, 2024

(12) Leases (Continued)

The future minimum lease payments under non-cancelable leases with terms greater than one year are listed below as of December 31, 2024:

Year ending December 31:	
2025	\$ 271,664
2026	299,244
2027	307,524
2028	<u>287,819</u>
Total lease payments	1,166,251
Less: Interest	<u>(99,430)</u>
Present value of leases payable	<u>\$ 1,066,821</u>

Amortization expense was \$262,176 for the year ended December 31, 2024.

(13) Special Events

	Volunteers for Justice Dinner	Other	Total
Special event revenue	\$ 747,748	(359)	747,389
Less direct expenses	<u>(134,629)</u>	<u>(36,422)</u>	<u>(171,051)</u>
Net support from special event	<u>\$ 613,119</u>	<u>(36,781)</u>	<u>576,338</u>

(14) Prior Period Restatement

Net assets at December 31, 2023 have been restated to include legal settlement revenue earned in 2023 that was recorded in 2024 in error.

Net assets at December 31, 2023 as previously reported	\$4,662,457
Legal settlement revenue	<u>970,624</u>
Net assets at December 31, 2023 as restated	<u>\$5,633,081</u>

(15) Subsequent Events

Subsequent events have been evaluated by management through July 14, 2025, which is the date the financial statements were available to be issued. Based on this evaluation, the Organization is not aware of any subsequent events that would require recognition or disclosure in the accompanying financial statements.