Public Law Center

Financial Statements

December 31, 2025
(with Comparative Totals for 2024)

CONTENTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Public Law Center
Santa Ana, California

Opinion

We have audited the financial statements of the Public Law Center (the Organization), which comprise the statement of financial position as of December 31, 2025, 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 Organization as of December 31, 2025, 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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 Organization's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditors' 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 auditors' 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 Organization'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 Organization'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

The 2024 financial statements of the Organization were audited by other auditors, whose report dated July 14, 2025, 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, 2024 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Windes, Inc.

Long Beach, California
June 29, 2026

PUBLIC LAW CENTER

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2025
(WITH COMPARATIVE TOTALS FOR 2024)

ASSETS

	2025	2024
CURRENT ASSETS		
Cash and cash equivalents	$ 2,753,962	$ 1,683,835
Investments	1,877,947	1,423,539
Contributions and grants receivable	538,406	746,489
Prepaid expenses	166,873	132,693
Other assets	27,704	40,309
Total current assets	5,364,892	4,026,865
OTHER ASSETS		
Operating lease right-of-use assets, net	765,516	1,027,692
Property and equipment, net	689,066	739,886
Total other assets	1,454,582	1,767,578
TOTAL ASSETS	$ 6,819,474	$ 5,794,443

LIABILITIES AND NET ASSETS

	2025	2024
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 795,368	$ 731,553
Note payable, current portion	12,459	11,315
Operating lease liabilities, current portion	267,881	248,349
Total current liabilites	1,075,708	991,217
NONCURRENT LIABILITIES		
Note payable, net of current portion	86,327	110,941
Operating lease liabilities, net of current portion	572,130	818,472
Total noncurrent liabilites	658,457	929,413
TOTAL LIABILITIES	1,734,165	1,920,630
COMMITMENTS AND CONTINGENCIES (Note 8)		
NET ASSETS		
Without donor restrictions	3,288,513	3,766,313
With donor restrictions	1,796,796	107,500
Total net assets	5,085,309	3,873,813
TOTAL LIABILITIES AND NET ASSETS	$ 6,819,474	$ 5,794,443

The accompanying notes are an integral part of these financial statements.

PUBLIC LAW CENTER

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2025
(WITH COMPARATIVE TOTALS FOR 2024)

	2025			2024
	Without Donor Restrictions	With Donor Restrictions	Total	Total
SUPPORT AND REVENUE				
Contributions:				
Contributed services	$12,343,512	$ -	$12,343,512	$12,509,436
Contributions	6,075,945	1,796,796	7,872,741	4,578,595
Total Contributions	18,419,457	1,796,796	20,216,253	17,088,031
Grant income	2,018,519	-	2,018,519	1,503,835
Special events, net	744,865	-	744,865	576,338
Interest	149,363	-	149,363	174,851
Unrealized gain on investments	2,601	-	2,601	4,968
Other income	141,155	-	141,155	94,032
Net assets released from restrictions	107,500	(107,500)	-	-
Total support and revenue	21,583,460	1,689,296	23,272,756	19,442,055
EXPENSES				
Program services	20,137,303	-	20,137,303	19,519,598
Supporting services:				
Management and general	1,402,703	-	1,402,703	1,255,468
Fundraising	521,254	-	521,254	426,257
Total expenses	22,061,260	-	22,061,260	21,201,323
CHANGE IN NET ASSETS	(477,800)	1,689,296	1,211,496	(1,759,268)
NET ASSETS, BEGINNING OF YEAR	3,766,313	107,500	3,873,813	5,633,081
NET ASSETS, END OF YEAR	$ 3,288,513	$ 1,796,796	$ 5,085,309	$ 3,873,813

The accompanying notes are an integral part of these financial statements.

PUBLIC LAW CENTER

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2025
(WITH COMPARATIVE TOTALS FOR 2024)

	Program Services	Management and General	Fundraising	Total 2025	Total 2024
Salaries and wages:					
Lawyers	$ 3,738,772	$ 161,105	$ 70,884	$ 3,970,761	$ 3,331,640
Paralegals	1,235,730	-	-	1,235,730	1,359,367
Non-lawyers	312,601	511,097	205,163	1,028,861	1,081,413
Payroll taxes	411,296	52,292	21,474	485,062	486,536
Fringe benefits	865,711	110,067	45,200	1,020,978	799,726
Total personnel expenses	6,564,110	834,561	342,721	7,741,392	7,058,682
Contributed services:					
Lawyers	11,709,375	118,721	-	11,828,096	10,063,735
Paralegals	427,245	-	-	427,245	2,435,416
Non-lawyers	88,171	-	-	88,171	10,285
Contracted services	286,897	256,556	104,347	647,800	477,804
Office supplies and maintenance	141,080	17,937	7,366	166,383	101,437
Dues and subscriptions	32,082	4,079	1,675	37,836	56,657
Seminars and training	35,238	3,957	-	39,195	49,633
Other	67,053	8,525	3,501	79,079	51,376
Insurance	122,212	15,538	6,381	144,131	65,315
Equipment maintenance	145,025	18,439	7,572	171,036	169,574
Utilities	25,840	3,285	1,349	30,474	39,692
Telephone	35,464	4,509	1,852	41,825	59,444
Development	-	-	26,381	26,381	39,479
Litigation	35,641	72,500	-	108,141	25,266
Bad debt	-	-	-	-	19,000
Library	75,038	-	-	75,038	79,238
Rent	275,950	35,084	14,408	325,442	318,372
Depreciation and amortization	70,882	9,012	3,701	83,595	80,918
	$ 20,137,303	$ 1,402,703	$ 521,254	$ 22,061,260	$ 21,201,323

The accompanying notes are an integral part of these financial statements.

PUBLIC LAW CENTER

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2025
(WITH COMPARATIVE TOTALS FOR 2024)

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 1,211,496	$ (1,759,268)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation and amortization expense	83,595	80,819
Amortization of operating lease right-of-use assets	262,176	262,176
Unrealized gain on investments	(2,601)	(4,968)
Change in operating assets and liabilities:		
Contributions and grants receivable	208,083	(94,481)
Other receivables	-	970,624
Prepaid expenses	(34,180)	(63,688)
Other assets	12,605	9,895
Accounts payable and accrued liabilities	63,815	289,288
Operating lease liabilities	(226,810)	(72,456)
Net Cash Provided By (Used In) Operating Activities	1,578,179	(382,059)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(2,316,977)	(3,841,923)
Proceeds from sale of investments	1,865,170	2,793,571
Purchase of property and equipment	(32,775)	(63,601)
Net Cash Used In Investing Activities	(484,582)	(1,111,953)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on note payable	(23,470)	(10,817)
Net Cash Used In Financing Activities	(23,470)	(10,817)
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,070,127	(1,504,829)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,683,835	3,188,664
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 2,753,962	$ 1,683,835
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for:		
Interest	$ 4,755	$ 5,252

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025
(WITH COMPARATIVE TOTALS FOR 2024)

NOTE 1 – Organization

Since July 7, 1981, Public Law Center (the Organization) has provided free civil legal assistance services to eligible low-income individuals. The Organization also utilizes significant time donated by private attorneys and staff resources to provide services.

NOTE 2 – Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Accordingly, revenue and gains are recognized when earned, and expenses and losses are recognized when incurred.

Use of Estimates

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

Prior-Year Comparative Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization’s financial statements for the year ended December 31, 2024, from which the summarized information was derived.

Reclassifications

Certain amounts related to the 2024 financial statements have been reclassified to conform to the 2025 financial statements.

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets, revenue, and gains and losses are classified based on the existence or absence of donor-imposed restrictions as follows:

> **Without Donor Restrictions** – Net assets that are not subject to donor-imposed restrictions and donor-restricted contributions whose restrictions are met in the same reporting period.
>
> **With Donor Restrictions** - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. As of December 31, 2025, the Organization had no net assets with donor restrictions that are restricted in perpetuity.

Cash and Cash Equivalents

For purposes for the statement of cash flows, the Organization defines cash and cash equivalents as cash on hand, cash on deposit, and all highly liquid investments with a maturity of three months or less when purchased.

Concentration of Credit Risk

The Organization maintains its cash and cash equivalents with high-credit, quality financial institutions. At times during the year, balances may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant risk of loss.

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities, money market funds, certificates of deposit, and mutual funds are reported at fair value. The Organization's investments are comprised of stocks and certificates of deposit. Investment income and realized and unrealized gains and losses are recognized as net assets without donor restrictions unless their use is restricted by donors for a specified purpose or future period.

Fair Value Measurement

Investments are carried at fair value, which is determined, presented, and disclosed in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurement*. Under FASB ASC 820, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date. FASB ASC 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to measurements involving significant unobservable inputs (level 3).

The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.

- Level 2 inputs are inputs other than quoted prices within level 1 that are observable for the asset or liability, either directly or indirectly.

- Level 3 inputs are unobservable inputs for the asset or liability.

An asset's or liability's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. All assets and liabilities for which the fair value measurement is based on significant unobservable inputs or instruments which trade infrequently and, therefore, have little or no price transparency are classified as level 3.

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Contributions and Grants Receivable

Unconditional contributions and grants receivable are recorded at net realizable value when promised. Pledges expected to be collected in periods exceeding one year are recorded at the present value of their estimated future cash flows, discounted using an estimated market return rate. No discount has been recorded on contributions and grants receivable expected to be collected after one year, as management has determined the effect to be immaterial. Conditional promises to give are not included as support until the underlying conditions are substantially met. Management expects to collect all contributions and grants receivable, therefore, no allowance for uncollectible amounts has been recorded.

Contributions are recognized as support in the period received or pledged. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend are substantially met.

Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation and amortization. Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the assets, which range from five to thirty years. Expenditures for maintenance and repairs are expensed as incurred, and expenditures that increase the value or productive capacity of assets are capitalized. When property and equipment are retired, sold, or otherwise disposed of, the asset's carrying amount and related accumulated depreciation and amortization is removed and any gain or loss is included in income.

Impairment of Long-Lived Assets

The Organization evaluates its long-lived assets for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. Recoverability of assets is measured by comparison of the carrying amount of the asset to the net undiscounted future cash flows expected to be generated from the asset. If the future undiscounted cash flows are not sufficient to recover the carrying value of the asset, the asset's carrying value is adjusted to fair value. For the year ended December 31, 2025, no impairment loss was recognized.

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Contributed Services

Contributed materials and other noncash contributions are recorded at estimated fair value on the date received. Contributed services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

For the years ended December 31, 2025 and 2024, the Organization recognized contributed services from volunteer attorneys, law clerks, and paralegals totaling 16,964 and 17,837 hours, respectively. These services were included in the accompanying statement of activities at estimated values of $12,343,512 and $12,509,436, respectively. Other volunteer services that do not meet the recognition criteria are not recognized in the financial statements as there is no objective basis for deriving their value (see Note 11).

Grant Revenue

Grant revenue is recognized as qualifying costs are incurred under cost-reimbursement grants or contracts, or as services are provided for performance grants. Grant revenue from federal agencies is subject to independent audit and review by grantor agencies under the Office of Management and Budget's requirements for federal awards. Such audits or reviews could result in the disallowance of expenditures under the terms of the grant or reductions of future grant funds. Based on prior experience, management believes any disallowed costs would not materially affect the financial position of the Organization. As of December 31, 2025, the required single audit for the year ended December 31, 2024 had not been finalized or issued and remains in process. Finalization of the 2024 single audit could result in findings or questioned costs, the disposition of which, if any, cannot be determined at this time.

Lease Arrangements

The Organization determines if an arrangement contains a lease at inception based on whether the Organization has the right to control the asset during the contract period and other facts and circumstances.

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Lease Arrangements (Continued)

The Organization's policy for determining its lease discount rate used for measuring lease liabilities is to use the rate implicit in the lease whenever that rate is readily determinable. If the rate implicit in the lease is not readily determinable, then the Organization has elected to use the risk-free discount rate, as permitted by U.S. GAAP, determined using a period comparable with that of the lease term.

The Organization has elected a policy to account for short-term leases, defined as any lease with a term less than 12 months, by recognizing all components of the lease payment in the statement of activities in the period in which the obligation for payment is incurred.

Allocation of Functional Expenses

The cost of providing the Organization's programs and supporting services 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 the related 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 based on time records maintained by program personnel and management's assessment of activities performed by non-program personnel.
- Contributed services, contracted services, and dues and subscriptions are allocated based on the nature of the expenditure.
- Office supplies, maintenance, insurance, utilities, rent, and other expenses that cannot be directly identified are allocated on the basis of employee headcount for each program and supporting activity.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and is exempt from California franchise taxes under Section 23701(d) of the California Revenue and Taxation Code. Accordingly, no provision has been made for income taxes in the accompanying financial statements.

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Income Taxes (Continued)

The Organization evaluates its tax positions in accordance with applicable accounting guidance and recognizes the effect of a tax position only when it is more likely than not to be sustained upon examination based on its technical merits. The primary tax positions evaluated relate to the Organization's continued qualification as a tax-exempt organization and the existence of any unrelated business income subject to taxation. Management has determined that all income tax positions are more likely than not to be sustained upon potential audit or examination; accordingly, no disclosures of uncertain income tax positions are required.

The Organization is subject to potential income tax audits on open tax years by any taxing jurisdiction in which it operates. The statute of limitations for federal purposes is three years and for California is four years.

Subsequent Events

Subsequent events have been evaluated by management from the statement of financial position date through June 29, 2026, 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.

NOTE 3 – 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, 2025 are as follows:

Financial assets:	
Cash and cash equivalents	$ 2,753,962
Investments	1,877,947
Contributions and grants receivable	538,406
Total financial assets	5,170,315
Less financial assets held to meet donor-imposed restrictions:	
Purpose restricted net assets	(1,796,796)
Amount available for general expenditures within one year	$ 3,373,519

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization also maintains a revolving line of credit of $100,000 with Wells Fargo Bank to cover short-term cash needs (see Note 8).

NOTE 4 – Investments

The following tables set forth by level, within the fair value hierarchy, the Organization's investments at fair value:

	December 31, 2025			
Investment Type	Level 1	Level 2	Level 3	Total
Stock	$ 1,679	$ -	$ -	$ 1,679
Certificates of deposit	-	1,876,268	-	1,876,268
Total	$ 1,679	$ 1,876,268	$ -	$ 1,877,947

NOTE 4 – Investments (Continued)

	December 31, 2024			
Investment Type	**Level 1**	**Level 2**	**Level 3**	**Total**
Stock	$ 25,586	$ -	$ -	$ 25,586
Certificates of deposit	-	1,397,953	-	1,397,953
Total	$ 25,586	$ 1,397,953	$ -	$ 1,423,539

NOTE 5 – Property and Equipment

Property and equipment consist of the following:

	December 31,	
	2025	**2024**
Land	$ 263,640	$ 263,640
Buildings	603,145	603,145
Software	92,400	92,400
Furniture and equipment	229,769	196,993
Total fixed assets	1,188,954	1,156,178
Less accumulated depreciation and amortization	(499,888)	(416,292)
Total fixed assets, net	$ 689,066	$ 739,886

Depreciation and amortization expense for the years ended December 31, 2025 and 2024 was $83,595 and $80,819, respectively.

NOTE 6 – Note Payable

On December 31, 2003, the Organization entered into an agreement with the Orange County Bar Association ("OCBA") to purchase the building and land where the Organization is currently located. Under terms of the agreement, OCBA provided a non-interest-bearing loan in the original principal amount of $500,000, maturing on December 31, 2033. Monthly principal payments of $1,389 are due on the first day of each month. Under the terms of the note, any unpaid principal balance bears interest at 5% in the event of default. The loan was initially recorded at its present value of $274,111, calculated using a discount rate of 4.5%. The resulting discount of $225,889 was recognized as a contribution to the Organization in 2003. As of December 31, 2025, the outstanding balance was $98,786.

Pursuant to the terms of the note, all outstanding principal could be declared due and payable under certain circumstances, which include, without limitation, a default on the note by the Organization or the sale of the building and land that secure the note. As of December 31, 2025, the Organization was compliant with the terms of the loan.

At December 31, 2025, future maturities of the note payable are summarized as follows:

Year Ending December 31,	Principal
2026	$ 12,459
2027	13,032
2028	13,630
2029	14,256
2030	14,911
Thereafter	30,498
	$ 98,786

NOTE 7 – Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted as follows:

	December 31, 2024	Additions	Releases	December 31, 2025
Housing	$ 37,500	$ 487,500	$ (37,500)	$ 487,500
Immigration	-	1,260,000	-	1,260,000
Family Law	70,000	49,296	(70,000)	49,296
Total	$ 107,500	$ 1,796,796	$ (107,500)	$ 1,796,796

NOTE 8 – Commitments and Contingencies

Line of Credit

The Organization has a $100,000 line of credit with Wells Fargo Bank. As of December 31, 2025, there were no borrowings outstanding under the line of credit.

Litigation

From time to time, the Organization is subject to litigation as a result of its ongoing business activities. Management believes that the outcome of any such ongoing litigation will not have a material adverse effect on the Organization's financial position, results of operations, or liquidity.

Subsequent to December 31, 2025, the Organization entered into a settlement agreement totaling $72,500 to resolve litigation initiated by a former employee alleging violations of the California Labor Code. The resulting settlement amount has been recognized as litigation expense in the accompanying statement of functional expenses.

NOTE 9 – Lease Arrangements

The Organization leases office space under an operating lease that expires in November 2028. Payment terms included an upfront payment of $246,675 at commencement and $23,115 monthly payments thereafter. The Organization also leases a copier machine under an operating lease that expires in October 2028 requiring monthly payments of $902. For both leases, the Organization has elected to use the risk-free rate determined using a period comparable to the lease terms as the discount rate for leases when the implicit rate is not readily determinable.

The Organization recorded the following related to right-of-use assets, net and leases payable as of December 31, 2025:

	Right-of-Use Assets, net	Lease Payable
Copier	$ 29,059	$ 30,346
Office space	736,457	809,665
Total	$ 765,516	$ 840,011

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

	Right-of-Use Assets, net	Lease Payable
Copier	$ 38,743	$ 39,625
Office space	988,949	1,027,196
Total	$ 1,027,692	$ 1,066,821

NOTE 9 – Lease Arrangements (Continued)

The components of operating lease expense included in expenses in the statement of activities is as follows:

	For the Year Ended December 31, 2025	For the Year Ended December 31, 2024
Operating lease costs	$ 304,791	$ 262,176

The following summarizes the supplemental cash flow information related to leases:

	For the Year Ended December 31, 2025	For the Year Ended December 31, 2024
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 290,964	$ 281,244

The weighted-average remaining lease term and discount rate for operating leases were as follows:

	December 31, 2025	December 31, 2024
Weighted-average remaining lease term	2.92 years	3.92 years
Weighted-average discount rate	4.38%	4.38%

NOTE 9 – Lease Arrangements (Continued)

The maturities of operating lease liabilities as of December 31, 2025 are as follows:

Year Ending December 31,	
2026	$ 299,244
2027	307,524
2028	287,819
Total minimum lease payments	894,587
Less amount representing interest	(54,576)
Present value of minimum lease payments	840,011
Less current portion	(267,881)
	$ 572,130

NOTE 10 – Special Events

Revenue generated from special events is summarized as follows for the year ended December 31, 2025:

	Volunteers for Justice Dinner	Other	Total
Special event revenue	$ 667,845	$ 240,267	$ 908,112
Less direct expenses	(136,107)	(27,140)	(163,247)
Net support from special event	$ 531,738	$ 213,127	$ 744,865

NOTE 11 – Contributed Services

Contributed services consist of the following:

	Revenue Recognized December 31, 2025	Revenue Recognized December 31, 2024	Valuation Techniques and Inputs
Legal program services	$ 12,224,791	$ 12,509,436	Hours are reported by volunteer attorneys, law clerks, and paralegals based on timesheets; the rate used to value the hours is based on the blended average rate of reported hourly rates.
Legal administrative services	118,721	-	Hours are reported by volunteer attorneys, law clerks, and paralegals based on timesheets; the rate used to value the hours is based on the blended average rate of reported hourly rates.
	$ 12,343,512	$ 12,509,436	

All donated services were utilized by the Organization’s programs and supporting services. There were no donor-imposed restrictions associated with the donated services.