



**NEIGHBORHOOD LEGAL SERVICES
OF LOS ANGELES COUNTY**

**FINANCIAL STATEMENTS
and
SUPPLEMENTARY INFORMATION**

DECEMBER 31, 2025 and 2024

PASADENA
2698 Mataro Street
Pasadena, CA 91107
p: 626.403.6801

A Trusted Nonprofit Partner

Main Fax: 626.900.9883
www.npocpas.com

WALNUT CREEK
2033 N. Main Street, #350
Walnut Creek, CA 94596
p: 925.469.8966

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Neighborhood Legal Services
of Los Angeles County

Opinion

We have audited the accompanying financial statements of Neighborhood Legal Services of Los Angeles County (a nonprofit organization), which comprise the Statements of Financial Position as of December 31, 2025 and 2024, and the related Statements of Activities, Functional Expenses, and Cash Flows for the years 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 Neighborhood Legal Services of Los Angeles County as of December 31, 2025 and 2024, and the changes in its net assets 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 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 Neighborhood Legal Services of Los Angeles County 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 Neighborhood Legal Services of Los Angeles County's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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INDEPENDENT AUDITORS' REPORT

continued

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, *Government Auditing Standards*, and the *Compliance Supplement for Audits of Legal Services Corporation (LSC) Recipients* 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, *Government Auditing Standards*, and the *Compliance Supplement for Audits of Legal Services Corporation (LSC) Recipients*, 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 Neighborhood Legal Services of Los Angeles County'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 Neighborhood Legal Services of Los Angeles County'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.

INDEPENDENT AUDITORS' REPORT

continued

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Revenue, Support, Expenses, and Changes in Net Assets for Legal Services Corporation ("LSC") Funds, and Schedule of Revenue, Support, and Expenses by Grant, are presented for purposes of additional analysis as required by LSC *Audit Guide for Recipients and Auditors*, and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 27, 2026, on our consideration of Neighborhood Legal Services of Los Angeles County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Neighborhood Legal Services of Los Angeles County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Neighborhood Legal Services of Los Angeles County's internal control over financial reporting and compliance.

Harrington Group

Pasadena, California

April 27, 2026

NEIGHBORHOOD LEGAL SERVICES OF LOS ANGELES COUNTY

STATEMENTS OF FINANCIAL POSITION

December 31, 2025 and 2024

	2025	2024
ASSETS		
Cash	\$ 2,654,762	\$ 1,867,848
Clients' trust deposits (Note 2)	618,647	237,507
Total cash	3,273,409	2,105,355
Grants and other receivables	4,885,698	4,347,006
Pledges receivable, net (Note 4)	19,098	88,105
Prepaid expenses and deposits	386,615	220,896
Investments (Note 5)	26,426,247	17,180,657
Property and equipment (Note 7)	1,484,512	1,758,753
Right-of-use assets - operating leases (Note 11)	409,189	708,206
Assets held in charitable remainder unitrusts (Note 6)	1,368,866	1,099,206
TOTAL ASSETS	\$ 38,253,634	\$ 27,508,184
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 1,261,978	\$ 1,180,493
Accrued liabilities (Note 8)	1,653,728	1,203,053
Accrued unemployment liability (Note 9)	169,804	183,229
Refundable advances	8,153,860	1,969,963
Refundable advances - LSC basic field grant (Note 2)	3,921,034	3,507,600
Line of credit (Note 10)	-	-
Lease liabilities - operating leases (Note 11)	417,663	724,704
Charitable remainder unitrust payable (Note 6)	511,089	414,895
TOTAL LIABILITIES	16,089,156	9,183,937
NET ASSETS		
Without donor restrictions	8,792,771	7,750,545
Without donor restrictions-board designated (Note 13)	10,018,955	9,729,789
With donor restrictions (Note 13)	3,352,752	843,913
TOTAL NET ASSETS	22,164,478	18,324,247
TOTAL LIABILITIES AND NET ASSETS	\$ 38,253,634	\$ 27,508,184

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

NEIGHBORHOOD LEGAL SERVICES OF LOS ANGELES COUNTY

STATEMENTS OF ACTIVITIES

For the years ended December 31, 2025 and 2024

	December 31, 2025			December 31, 2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT						
Government contracts (Note 16)	\$ 24,529,131	\$ 5,300,333	\$ 29,829,464	\$ 23,887,436	\$ 4,788,837	\$ 28,676,273
Donated materials and services (Note 2)	8,674,897		8,674,897	5,680,826		5,680,826
Contributions	595,090	3,241,628	3,836,718	1,031,298	56,740	1,088,038
Income from investments	1,149,336		1,149,336	768,448		768,448
Foundations	1,225,134		1,225,134	1,114,824		1,114,824
Special event	174,319		174,319	214,643		214,643
Charitable Remainder Unitrust		173,466	173,466		684,311	684,311
Attorney fees and costs	122,733		122,733	34,350		34,350
Fellowship income	101,707		101,707	183,980		183,980
Rental income	73,073		73,073	71,291		71,291
Other revenue	8,523		8,523	13,848		13,848
Gain on right-of-use asset termination			-	435		435
Net assets released from restrictions (Note 13)	6,206,588	(6,206,588)	-	4,842,567	(4,842,567)	-
TOTAL REVENUE AND SUPPORT	42,860,531	2,508,839	45,369,370	37,843,946	687,321	38,531,267
Program services	36,691,117		36,691,117	34,191,502		34,191,502
Management and general	4,038,649		4,038,649	3,111,271		3,111,271
Fundraising	799,373		799,373	986,468		986,468
TOTAL EXPENSES	41,529,139	-	41,529,139	38,289,241	-	38,289,241
CHANGE IN NET ASSETS	1,331,392	2,508,839	3,840,231	(445,295)	687,321	242,026
NET ASSETS, BEGINNING OF YEAR	17,480,334	843,913	18,324,247	17,925,629	156,592	18,082,221
NET ASSETS, END OF YEAR	\$ 18,811,726	\$ 3,352,752	\$ 22,164,478	\$ 17,480,334	\$ 843,913	\$ 18,324,247

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

NEIGHBORHOOD LEGAL SERVICES OF LOS ANGELES COUNTY

STATEMENTS OF FUNCTIONAL EXPENSES

For the year ended December 31, 2025

	Program Services							Total Program Services	Management and General	Fundraising	Total Expenses	
	General Legal Services	Housing and Eviction Defense	Self Help Centers	Health	Medical Legal Community Partnership	Domestic Violence	Clean Slate Initiative					Disaster Relief
Salaries and wages	\$ 6,054,415	\$ 3,437,459	\$ 1,827,115	\$ 1,196,893	\$ 669,345	\$ 1,213,059	\$ 369,057	\$ 531,440	\$ 15,298,783	\$ 2,284,785	\$ 425,913	\$ 18,009,481
Payroll taxes and employee benefits	1,848,168	1,067,968	566,684	369,332	209,649	377,198	114,399	161,780	4,715,178	680,665	132,292	5,528,135
Total personnel costs	7,902,583	4,505,427	2,393,799	1,566,225	878,994	1,590,257	483,456	693,220	20,013,961	2,965,450	558,205	23,537,616
Donated materials and services (Note 2)	2,934,598	2,673,939	1,555,600			560	28,150	1,482,050	8,674,897			8,674,897
Sub-grants	186,680	3,151,199	986,406	811,997	599,838				5,736,120			5,736,120
Professional fees	239,929	5,890	64,496	5,977	2,398	3,518	153	256	322,617	419,690	146,262	888,569
Occupancy	227,412	98,290	17,043	36,238	14,757	15,517	2,075	10,601	421,933	154,141	8,757	584,831
Office supplies and expense	112,778	30,064	37,079	4,508	2,738	5,512	431	2,488	195,598	85,359	25,535	306,492
Depreciation	216,767								216,767	75,588		292,355
Software leases and equipment rental	62,919	25,361	10,424	14,983	3,968	9,047	519	2,775	129,996	149,507	2,177	281,680
Telephone	102,723	52,189	15,289	13,446	9,454	11,184	1,001	4,014	209,300	31,047	3,880	244,227
Travel and training	116,542	37,105	6,173	1,163	5,291	2,830	656	1,459	171,219	67,537	324	239,080
Miscellaneous	48,139	11,135	444	944	449			14,204	75,315	56,836	24,870	157,021
Insurance	66,456	30,628	3,384	11,474	4,674	4,979	654	3,361	125,610	27,395	2,625	155,630
Dues and subscriptions	106,402	4,090	2,150	120				175	112,937	2,274	1,817	117,028
Litigation	66,185	34,625	220	135	888	1,976	255	12	104,296			104,296
Meetings and events	52,750	949	402	500	76				54,677	3,825	19,831	78,333
Library maintenance	35,299	17,089	1,876	6,741	2,496	1,799	346	1,899	67,545			67,545
Direct client assistance	38,168				10,149	2,512			50,829			50,829
Special event	7,500								7,500		5,090	12,590
TOTAL FUNCTIONAL EXPENSES	\$ 12,523,830	\$ 10,677,980	\$ 5,094,785	\$ 2,474,451	\$ 1,536,170	\$ 1,649,691	\$ 517,696	\$ 2,216,514	\$ 36,691,117	\$ 4,038,649	\$ 799,373	\$ 41,529,139

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

NEIGHBORHOOD LEGAL SERVICES OF LOS ANGELES COUNTY

STATEMENTS OF FUNCTIONAL EXPENSES

For the year ended December 31, 2024

continued

	Program Services							Total Program Services	Management and General	Fundraising	Total Expenses
	General Legal Services	Housing and Eviction Defense	Self Help Centers	Health	Medical Legal Community Partnership	Domestic Violence	Clean Slate Initiative				
Salaries and wages	\$ 5,255,157	\$ 3,529,297	\$ 1,884,180	\$ 1,296,115	\$ 1,061,402	\$ 1,030,277	\$ 802,249	\$ 14,858,677	\$ 1,856,373	\$ 469,290	\$ 17,184,340
Payroll taxes and employee benefits	1,570,530	1,079,897	579,696	395,148	322,065	317,256	246,060	4,510,652	569,522	144,069	5,224,243
Total personnel costs	6,825,687	4,609,194	2,463,876	1,691,263	1,383,467	1,347,533	1,048,309	19,369,329	2,425,895	613,359	22,408,583
Donated materials and services (Note 2)	2,273,765	1,501,513	1,799,963			73,360	32,225	5,680,826			5,680,826
Sub-grants	416,685	2,753,605	1,035,172	123,937	1,166,827		59,000	5,555,226			5,555,226
Professional fees	1,607,089	3,123	12,283	846	2,426	2,362	428	1,628,557	244,821	153,497	2,026,875
Occupancy	226,088	112,305	11,682	31,077	20,648	29,126	14,081	445,007	79,018	9,316	533,341
Office supplies and expense	105,758	33,713	34,807	4,948	6,704	6,369	2,935	195,234	52,411	8,735	256,380
Depreciation	210,449							210,449	74,265		284,714
Software leases and equipment rental	38,989	22,558	10,018	12,132	4,422	6,824	2,804	97,747	127,638	14,394	239,779
Telephone	108,117	57,909	22,355	12,475	14,430	12,881	7,435	235,602	22,076	4,659	262,337
Travel and training	103,840	47,067	4,638	2,696	7,834	394	4,912	171,381	29,474	3,133	203,988
Miscellaneous	36,444	6,468	663		550		449	44,574	33,208	15,731	93,513
Insurance	57,618	29,241	3,981	9,091	5,392	8,868	3,672	117,863	16,079	2,389	136,331
Dues and subscriptions	92,461	1,577	938					94,976	3,217	2,745	100,938
Litigation	61,775	35,602	870	(188)	273	1,485	142	99,959			99,959
Meetings and events	81,740	752	463	476	111			83,542	3,169	2,563	89,274
Library maintenance	31,604	17,207	1,103	5,374	3,161	2,659	2,165	63,273			63,273
Direct client assistance	18,031				110	48,809	31,007	97,957			97,957
Special event								-		155,947	155,947
TOTAL FUNCTIONAL EXPENSES	\$ 12,296,140	\$ 9,231,834	\$ 5,402,812	\$ 1,894,127	\$ 2,616,355	\$ 1,540,670	\$ 1,209,564	\$ 34,191,502	\$ 3,111,271	\$ 986,468	\$ 38,289,241

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

NEIGHBORHOOD LEGAL SERVICES OF LOS ANGELES COUNTY

STATEMENTS OF CASH FLOWS
For the years ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 3,840,231	\$ 242,026
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	292,355	284,714
Interest and dividends reinvested	(956,935)	(873,692)
(Gain) loss on investments	(192,401)	105,244
Amortization of right-of-use assets - operating leases	299,017	287,094
(Gain) on termination of right-of-use assets	-	(435)
(Increase) decrease in operating assets:		
Grants receivable	(538,692)	1,793,915
Pledges receivable	69,007	(44,993)
Prepaid expenses and deposits	(165,719)	(46,685)
Assets held in charitable remainder unitrusts	(269,660)	(1,099,206)
Increase (decrease) in operating liabilities:		
Accounts payable	81,485	(1,078,259)
Accrued liabilities	450,675	(115,045)
Accrued unemployment liability	(13,425)	(672)
Refundable advances	6,183,897	62,800
Refundable advances - LSC	413,434	665,606
Charitable remainder unitrust payable	96,194	414,895
Reduction of lease liabilities - operating leases	<u>(307,041)</u>	<u>(287,895)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>9,282,422</u>	<u>309,412</u>
CASH FLOWS (TO) INVESTING ACTIVITIES:		
Proceeds from sale of investments	38,340,207	33,292,455
Purchase of investments	(46,436,460)	(34,075,560)
Purchase of property and equipment	<u>(18,115)</u>	<u>(95,458)</u>
NET CASH (USED) BY INVESTING ACTIVITIES	<u>(8,114,368)</u>	<u>(878,563)</u>
NET INCREASE (DECREASE) IN CASH	1,168,054	(569,151)
CASH, BEGINNING OF YEAR	<u>2,105,355</u>	<u>2,674,506</u>
CASH, END OF YEAR	<u>\$ 3,273,409</u>	<u>\$ 2,105,355</u>
NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Addition to right-of-use assets and liabilities in accordance with ASC 842 - copiers	<u>\$ -</u>	<u>\$ 91,854</u>

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

NEIGHBORHOOD LEGAL SERVICES OF LOS ANGELES COUNTY

NOTES TO FINANCIAL STATEMENTS

1. **Organization**

Neighborhood Legal Services of Los Angeles County (“NLSLA”) is a California nonprofit corporation dedicated to providing free civil legal assistance to low-income individuals and families residing in Los Angeles County, who are unable to afford such services through traditional means.

NLSLA is supported by a diverse range of funding sources, including donations, grants, and contracts from federal, state, county, and municipal government, as well as private foundations, corporations, and individual donors.

NLSLA operates in a hybrid work environment, maintaining both in-office and remote work arrangements.

2. **Summary of Significant Accounting Policies**

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements is as follows:

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting.

Revenue and Revenue Recognition

NLSLA recognizes contributions when cash or other assets, an unconditional promise to give or a notification of beneficial interest is received. 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 have been met.

A portion of NLSLA’s revenue is derived from cost-reimbursable federal, state, county, city contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when NLSLA has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the Statement of Financial Position.

Per the Legal Services Corporation (“LSC”) Program Letter 23-2, and in conjunction with Financial Accounting Standards Board (“FASB”) Accounting Standards Update (“ASU”) 2018-08, LSC Basic Field Grant awards do not involve an exchange with recipients of commensurate value and the benefit to LSC is considered indirect because the grant serves the general public. As such, LSC considers its Basic Field Grant awards as non-exchange transactions/contributions. The LSC Basic Field Grant is reported in NLSLA’s financial statements as “with donor restrictions” and as an increase to “with donor restrictions” net assets. LSC net assets can be released from restriction only when eligible expenses are incurred.

NEIGHBORHOOD LEGAL SERVICES OF LOS ANGELES COUNTY

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

In accordance with LSC Program Letter 23-2, unearned LSC Basic Field Grant is recorded in the Statement of Financial Position as refundable advances. The 2025 LSC Basic Field Grant Award is \$5,601,424, of which NLSLA has recognized \$3,180,390 as revenue “with donor restrictions” in 2025 and recorded \$2,421,034 as refundable advances in the Statement of Financial Position as of December 31, 2025. Total LSC refundable advances at December 31, 2025 is reported as \$3,921,034 representing \$2,421,034 of 2025 LSC Basic Field Grant Award and \$1,500,000 of 2024 LSC Basic Field Grant Award.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Without Donor Restrictions. Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and for the building of a new office in Pacoima, and staff training and development.

With Donor Restrictions. Net assets subject to donor (or certain grantor) 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.

Contributions and Pledges Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discount is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

Grant Funding

NLSLA receives multi-year grant funding from various sources, which, in accordance with generally accepted accounting principles, are recorded in the period received or pledged. However, expenditures related to these grants can occur over several years. As a result, timing differences are created which can have an effect on changes in net assets.

continued

NEIGHBORHOOD LEGAL SERVICES OF LOS ANGELES COUNTY

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

Grants Receivable

Grants receivable represent amounts due from government entities and other organizations. The organization has evaluated the applicability of ASU 326, *Financial Instruments—Credit Losses (Topic 326)*, and determined that grants receivable are not subject to the standard. This conclusion is based on the nature of these receivables, which are classified as grants (non-trade receivables) rather than contractual trade receivables. Management has assessed the collectability of these amounts and confirms that grants receivable are considered fully collectible for services rendered. Accordingly, no allowance for doubtful accounts has been recorded.

Investments

NLSLA values its investments at fair value. Unrealized gains or losses (including investments bought, sold, and held during the year) are reflected in the Statement of Activities as gain (loss) on investments. Short-term highly liquid money market deposits and certificate of deposits that are not used for operations are treated as investments.

NLSLA invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Market risks include global events which could impact the value of investments securities, such as a pandemic or international conflict. Due to the level of risk associated with certain investments securities, it is at least reasonably possible that change in the values of investments securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

Fair Value Measurements

Generally accepted accounting principles provide guidance on how fair value should be determined when financial statement elements are required to be measured at fair value. Valuation techniques are ranked in three levels depending on the degree of objectivity of the inputs used with each level:

Level 1 inputs - quoted prices in active markets for identical assets

Level 2 inputs - quoted prices in active or inactive markets for the same or similar assets

Level 3 inputs - estimates using the best information available when there is little or no market

NLSLA is required to measure donated services and pledged contributions at fair value. The specific techniques used to measure fair value for these financial statement elements are described in the notes below that relate to each element.

NEIGHBORHOOD LEGAL SERVICES OF LOS ANGELES COUNTY

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

Concentration of Credit Risks

NLSLA places its temporary cash investments with high credit, quality financial institutions. At times, such investments may be in excess of the Federal Deposit Insurance Corporation insurance limit. NLSLA has not incurred losses related to these investments.

The grants and other receivables balance outstanding at December 31, 2025 and 2024 consists primarily of government contract and grant receivables due from county, state, and federal granting agencies. Concentration of credit risks with respect to these receivables is limited, as the majority of NLSLA's receivables consist of earned fees from contract programs granted by governmental agencies.

Approximately 66% and 74% of NLSLA's total revenue was derived from government contracts for the years ended December 31, 2025 and 2024, respectively. Additionally, for the years ended December 31, 2025 and 2024, revenue from one government funding source was approximately 12% and 13% of total revenue, respectively.

Property and Equipment

Property and equipment are recorded at cost if purchased or at fair value at the date of donation if donated. Maintenance and repair costs are charged to expense as incurred. Property and equipment are capitalized if the cost of an asset is greater than or equal to five thousand dollars and the useful life is greater than one year.

The provision for depreciation or amortization is computed using the straight-line method over the estimated useful lives of the related assets, and are as follows:

Building	18 to 27 years
Building improvements	5 to 27 years
Furniture	5 to 7 years
Equipment	3 to 10 years
Computer hardware	3 to 5 years
Computer software	3 to 5 years

Property and equipment acquired with federal funds or LSC funds are considered to be owned by NLSLA while used in the program or in future authorized programs. However, funding sources have reversionary interest in these assets as well as the determination of use of any proceeds from the sale of these assets.

Attorney Fees and Costs

Attorney fees and costs represent program income from court-awarded reimbursements of litigation-related expenses resulting from favorable case resolutions. NLSLA recognizes such revenue when it is earned and realizable. In instances where significant uncertainty exists regarding collectability, revenue is recognized upon receipt of cash.

continued

NEIGHBORHOOD LEGAL SERVICES OF LOS ANGELES COUNTY

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

Donated Materials and Services

Contributions of donated non-cash assets are measured on a non-recurring basis and recorded at fair value in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are measured on a non-recurring basis and recorded at fair value in the period received. NLSLA has received significant contributions of non-cash legal services. The value of contributed legal services and donated goods meeting the requirement of recognition in the financial statements was \$8,674,897 and \$5,680,826 for the years ended December 31, 2025 and 2024, respectively. There were no donor-imposed restrictions on the donated services and were used entirely for program services and shown on the Statement of Functional Expenses.

Clients' Trust Deposits

NLSLA holds funds in trust for its clients relating to settlements awarded by the courts and deposits held for filing and other fees. The balance of such accounts is included as both an asset and a liability of NLSLA because NLSLA has a fiduciary responsibility to account for such funds. While such amounts are included in the financial statements, they are separate from the assets and liabilities of NLSLA. As of December 31, 2025 and 2024, clients' trust deposits of \$618,647 and \$237,507, respectively, were included in cash.

Leases

NLSLA applies Accounting Standards Codification ("ASC") 842, *Leases*, in determining whether an arrangement is or contains a lease at the lease inception date. An arrangement is considered to include a lease if it conveys the right to control the use of identified property, plant or equipment for a period of time in exchange for consideration. Control is defined as the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. NLSLA has determined that all of its leases are classified as operating leases. Accordingly, Right-of-Use ("ROU") assets and related lease liabilities are recognized in the Statement of Financial Position.

ROU assets represent NLSLA's right to use leased assets over the term of the lease. Lease liabilities represent NLSLA's contractual obligation to make lease payments and are measured at the present value of the future lease payments over the lease term. Lease liabilities are measured at the present value of future lease payments, and ROU assets are measured based on corresponding lease liability, adjusted for prepaid or accrued rent and any lease incentives received. Operating lease expense is recognized on a straight-line basis over the lease term. NLSLA has elected the short-term lease exemption for leases with a term of 12 months or less. For such leases, ROU assets and lease liabilities are not recognized, and lease payments are recognized as lease expense on a straight-line basis over the lease term.

continued

NEIGHBORHOOD LEGAL SERVICES OF LOS ANGELES COUNTY

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

Income Taxes

NLSLA is exempt from taxation under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701(d). In addition, NLSLA has been determined by the Internal Revenue Service and the Franchise Tax Board not to be a “private foundation” within the meaning of Section 509(a) of the Internal Revenue Code and Section 23709 of the Taxation Code.

Generally accepted accounting principles provide accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken by NLSLA in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. NLSLA’s returns are subject to examination by federal and state taxing authorities, generally for three and four years, respectively, after they are filed.

Functional Allocation of Expenses

Costs of providing NLSLA’s programs and other activities have been presented in the Statements of Functional Expenses. During the year, such costs are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and support services by a method that best measures the relative degree of benefit.

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 that affect reported amounts of assets, liabilities, revenues, and expenses as of the date and for the period presented. Actual results could differ from those estimates.

Subsequent Events

Management has evaluated subsequent events through April 27, 2026, the date which the financial statements were available for issue. No events or transactions have occurred during this period that appear to require recognition or disclosure in the financial statements.

**NEIGHBORHOOD LEGAL SERVICES
OF LOS ANGELES COUNTY**

NOTES TO FINANCIAL STATEMENTS

3. Liquidity and Availability of Resources

NLSLA monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds.

NLSLA has a goal to maintain financial assets, which consist of cash and short-term investments, sufficient to meet at least 90 days of normal operating expenses, which are, on average, approximately \$7,500,000. NLSLA has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

As of December 31, 2025 and 2024, NLSLA had \$20,614,098 and \$12,909,914, respectively, of financial assets available within one year of the statement of financial position date to meet general expenditures, consisting of the following:

	<u>2025</u>	<u>2024</u>
Cash	\$ 2,654,762	\$ 1,867,848
Grants and other receivables	4,885,698	4,347,006
Pledges receivable	19,098	88,105
Investments	<u>26,426,247</u>	<u>17,180,657</u>
	33,985,805	23,483,616
Less:		
Board designated	(10,018,955)	(9,729,789)
Net assets with purpose restrictions	<u>(3,352,752)</u>	<u>(843,913)</u>
	<u>\$ 20,614,098</u>	<u>\$ 12,909,914</u>

None of the financial assets are subject to donor or other contractual restrictions that would make them unavailable for general expenditures within one year of the statement of financial position date. Pledges receivable are subject to implied time restrictions but are expected to be collected within one year.

In addition to financial assets available to meet general expenditures over the next 12 months, NLSLA adopts an annual operating budget approved by the Board of Directors and anticipates generating sufficient revenues to cover general expenditures. Refer to the statement of cash flows which identifies the sources and uses of NLSLA's cash and shows positive operating cash flows for years ended December 31, 2025 and 2024.

NLSLA has various sources of liquidity at its disposal. As part of its liquidity management plan, NLSLA invests cash in excess of daily requirements in short-term investments, U.S. Treasury bills, and money market funds. As further described in Note 10, NLSLA maintains a \$1,000,000 revolving line of credit which is available to support liquidity needs in the event of unanticipated cash flow shortfalls.

**NEIGHBORHOOD LEGAL SERVICES
OF LOS ANGELES COUNTY**

NOTES TO FINANCIAL STATEMENTS

4. Pledges Receivable

Unconditional promises to give (pledges receivable) that are expected to be collected in future years are measured on a non-recurring basis at the date of the pledge. All pledges are valued at estimated fair value at December 31, 2025. NLSLA establishes an allowance for doubtful accounts, which is determined by considering a number of factors, including the length of time pledges receivable are past due, and the pledgers' current ability to pay its obligation owed to NLSLA. No allowance for uncollectible pledges has been recorded at December 31, 2025 and 2024. Total pledges receivable at December 31, 2025 and 2024 of \$19,098 and \$88,105, respectively, are expected to be collected within one year and are as follows:

	<u>2025</u>	<u>2024</u>
Pledges receivable, gross	\$19,098	\$88,105
Less: allowance for doubtful accounts	<u>-</u>	<u>-</u>
Pledge receivable, net	<u>\$19,098</u>	<u>\$88,105</u>

5. Investments

Investments at December 31, 2025 and 2024 consist of the following:

	<u>2025</u>	<u>2024</u>
Treasury bonds	\$26,170,730	\$16,933,942
Certificates of deposit	254,895	244,956
Money market	<u>622</u>	<u>1,759</u>
	<u>\$26,426,247</u>	<u>\$17,180,657</u>

6. Charitable Remainder Unitrust

In October 2024, NLSLA received a \$1,000,000 asset from a grantor in exchange for agreeing to make quarterly distributions to the grantor during his lifetime, and subsequently to the surviving beneficiary for the remainder of their life. NLSLA recorded the asset at its fair value on the date of receipt and recognized a liability for the estimated present value of the future distributions. The difference between the asset's fair value and the liability was reported as a donor-restricted contribution in the Statement of Activities for the year of receipt. As of December 31, 2025, the charitable remainder unitrust held assets totaling \$1,368,866, with a liability of \$511,089 payable to the grantors.

**NEIGHBORHOOD LEGAL SERVICES
OF LOS ANGELES COUNTY**

NOTES TO FINANCIAL STATEMENTS

7. Property and Equipment

Property and equipment at December 31, 2025 and 2024 consist of the following:

<u>December 31, 2025</u>	<u>LSC</u>	<u>Non-LSC</u>	<u>Total</u>
Land	\$ 111,848	\$ 137,965	\$ 249,813
Building improvements	1,935,670	1,943,991	3,879,661
Building	1,666,294	219,020	1,885,314
Equipment	26,854	6,683	33,537
Furniture	264,165	118,480	382,645
Computer software	96,400	76,950	173,350
	<u>4,101,231</u>	<u>2,503,089</u>	<u>6,604,320</u>
Less: accumulated depreciation	<u>(3,189,891)</u>	<u>(1,929,917)</u>	<u>(5,119,808)</u>
	<u>\$ 911,340</u>	<u>\$ 573,172</u>	<u>\$ 1,484,512</u>
<u>December 31, 2024</u>			
Land	\$ 111,848	\$ 137,965	\$ 249,813
Building improvements	1,935,670	1,943,991	3,879,661
Building	1,666,294	219,020	1,885,314
Equipment	28,636	6,683	35,319
Furniture	266,040	100,366	366,406
Computer software	96,400	76,950	173,350
	<u>4,104,888</u>	<u>2,484,975</u>	<u>6,589,863</u>
Less: accumulated depreciation	<u>(3,006,542)</u>	<u>(1,824,568)</u>	<u>(4,831,110)</u>
	<u>\$ 1,098,346</u>	<u>\$ 660,407</u>	<u>\$ 1,758,753</u>

Depreciation expense for the years ended December 31, 2025 and 2024 was \$292,355 and \$284,714, respectively.

Property acquired with non-LSC funds is owned by NLSLA; however, property and equipment acquired with LSC funds, if any, is subject to LSC regulations regarding use, disposition, and reimbursement.

8. Accrued Liabilities

Accrued liabilities at December 31, 2025 and 2024 consist of the following:

	<u>2025</u>	<u>2024</u>
Accrued vacation	\$ 953,962	\$ 900,082
Clients' trust deposits (Note 2)	601,060	237,507
Other liabilities	98,706	65,464
	<u>\$1,653,728</u>	<u>\$1,203,053</u>

continued

**NEIGHBORHOOD LEGAL SERVICES
OF LOS ANGELES COUNTY**

NOTES TO FINANCIAL STATEMENTS

9. Accrued Unemployment Liability

NLSLA has elected to be self-insured for the purposes of California State Unemployment Insurance. The accrued unemployment liability at December 31, 2025 and 2024, of \$169,804 and \$183,229, respectively, represents estimated future claims arising from payroll paid through those year ends. Unemployment expense for the years ended December 31, 2025 and 2024 was \$23,194 and \$6,382, respectively.

10. Line of Credit

NLSLA has a three-year revolving line of credit with a bank in the amount of \$1,000,000 secured by real property, bearing interest at the bank's prime rate, subject to a floor of 7%, and maturing on February 28, 2026. The line of credit is currently under renewal, and the bank has approved a short-term extension of the maturity date to April 29, 2026. There was no outstanding balance at December 31, 2025 and 2024.

11. Right-of-Use Assets and Lease Liabilities – Operating Leases

NLSLA evaluated its contracts at inception to determine which meet the criteria to be accounted for as leases. The ROU assets represent NLSLA's right to use underlying assets for the lease term, and the lease liabilities represent NLSLA's obligation to make lease payments arising from these leases. The ROU assets and lease liabilities, all of which arise from operating leases, are recognized at the lease commencement date based on the present value of future lease payments over the lease term. NLSLA used the rate implicit in the lease if it readily determinable. When the rate implicit in the lease is not determinable, NLSLA uses the incremental borrowing rate at the lease commencement date to determine the present value of the future lease payments. Lease terms may include renewal or extension options to the extent they are reasonably certain to be exercised. Lease expense is recognized on a straight-line basis over the lease term.

NLSLA's operating leases consist primarily of equipment leases and a real estate lease for office space located in El Monte, California. The equipment leases do not include renewal options, whereas the real estate lease includes two three-year options to renew, one of which is reasonably certain to be exercised. Therefore, the payments associated with the extension are included in the ROU asset and the lease liability recognized as of December 31, 2025.

Cash paid for operating leases for the year ended December 31, 2025 was \$339,403. NLSLA had no noncash investing and financing activities related to leases during the year ended December 31, 2025.

The weighted average of remaining lease terms and weighted average of discount rate for operating leases as of December 31, 2025 were 1.7 years and 4.71%, respectively.

**NEIGHBORHOOD LEGAL SERVICES
OF LOS ANGELES COUNTY**

NOTES TO FINANCIAL STATEMENTS

11. Right-of-Use Assets and Lease Liabilities – Operating Leases, continued

Future maturities of lease liabilities as of December 31, 2025, is as follows:

<u>Year ending December 31,</u>	
2026	\$263,619
2027	102,675
2028	<u>77,006</u>
Total lease payments	443,300
Less: present value discount	<u>(25,637)</u>
	<u>\$417,663</u>

The underlying ROU assets related to the above liability is as follows:

ROU assets balance at January 1, 2025	\$ 708,206
Less: amortization of lease	<u>(299,017)</u>
ROU assets balance at December 31, 2025	<u>\$ 409,189</u>

Rent and equipment lease expense under operating leases for the years ended December 31, 2025 and 2024 was \$344,498 and \$333,734, respectively.

12. Commitments and Risks

Contracts

NLSLA's grants and contracts are subject to inspection and audit by the appropriate governmental funding agency. The purpose is to determine whether program funds were used in accordance with their respective guidelines and regulations. The potential exists for disallowance of previously funded program costs. The ultimate liability, if any, which may result from these governmental audits cannot be reasonably estimated and, accordingly, NLSLA has no provisions for the possible disallowance of program costs on its financial statements.

13. Net Assets With Donor Restrictions

Net assets with donor restrictions at December 31, 2025 and 2024 consist of the following:

	<u>2025</u>	<u>2024</u>
Purpose restrictions:		
Disaster relief fund	\$1,247,678	\$ -
Other	1,133,764	119,635
Charitable remainder unitrusts	857,777	684,311
Health advocacy fund	<u>113,533</u>	<u>39,967</u>
	<u>\$3,352,752</u>	<u>\$843,913</u>

continued

**NEIGHBORHOOD LEGAL SERVICES
OF LOS ANGELES COUNTY**

NOTES TO FINANCIAL STATEMENTS

13. Net Assets With Donor Restrictions, continued

For the years ended December 31, 2025 and 2024, net assets released from purpose restrictions were as follows:

	<u>2025</u>	<u>2024</u>
Satisfaction of purpose restriction:		
Legal services	\$5,300,333	\$4,788,837
Disaster relief fund	855,384	-
Other	<u>50,871</u>	<u>53,730</u>
	<u>\$6,206,588</u>	<u>\$4,842,567</u>

Board designated assets

In 2025, NLSLA Board of Directors designated \$10,077,010 in funds including allocated interest income for various board designated purposes, and expended \$58,055 of board designated assets. Total Board designated assets for the years ended December 31, 2025 and 2024 were \$10,018,955 and \$9,729,789, respectively.

	<u>2025</u>	<u>2024</u>
Pacoima Justice and Job Training Center	\$ 8,589,086	\$8,304,157
Kamenir Health Advocacy Fund	1,078,493	1,078,493
Staff Training and Development	<u>351,376</u>	<u>347,139</u>
	<u>\$10,018,955</u>	<u>\$9,729,789</u>

14. Fair Value Measurements

The table below presents the transactions measured at fair value on a non-recurring basis at December 31, 2025:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Donated services	\$ -	\$8,674,897	\$ -	\$8,674,897
Assets held in remainder unitrusts			1,368,866	1,368,866
Pledged contributions - new			<u>19,098</u>	<u>19,098</u>
	<u>\$ -</u>	<u>\$8,674,897</u>	<u>\$1,387,964</u>	<u>\$10,062,861</u>

The table below presents the transactions measured at fair value on a non-recurring basis at December 31, 2024:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Donated services	\$ -	\$5,680,826	\$ -	\$5,680,826
Assets held in remainder unitrusts			1,099,206	1,099,206
Pledged contributions - new			<u>88,105</u>	<u>88,105</u>
	<u>\$ -</u>	<u>\$5,680,826</u>	<u>\$1,187,311</u>	<u>\$6,868,137</u>

continued

**NEIGHBORHOOD LEGAL SERVICES
OF LOS ANGELES COUNTY**

NOTES TO FINANCIAL STATEMENTS

14. Fair Value Measurements, continued

The fair value of donated services has been measured on a non-recurring basis using quoted prices for similar assets in inactive markets (Level 2 inputs).

The fair value of pledged contributions – new is measured on a non-recurring basis based on the value provided by the donor at the date of pledge (Level 3 inputs).

The fair value of assets held in remainder unitrusts is measured on a recurring basis by calculating the change in value of the client’s beneficial interest in the trust, which is underlying assets invested in the market (Level 3 inputs).

15. Employee Benefit Plan

Retirement benefits are provided to employees under a non-contributory, non-qualified tax deferred annuity pension plan. Under the plan, NLSLA contributes an amount equal to 3% of each participant’s annual compensation for employees with less than five years of service, 6% for employees with more than five years but not more than ten years of service, and 9% for employees with more than ten years of service. The plan does not provide for past service costs, and employees are fully vested in all employer contributions. Total contributions were \$902,702 in 2025 and \$852,323 in 2024, respectively.

16. Government Contracts

Government contracts for the years ended December 31, 2025 and 2024 consist of the following:

	<u>2025</u>	<u>2024</u>
Shriver Housing Project – Los Angeles	\$ 5,450,907	\$ 4,273,972
Legal Services Corporation	5,187,990	4,737,247
LSTF - Interest on Lawyers Trust Account	3,784,925	2,629,781
County of Los Angeles – Self Help Centers	2,819,372	2,627,636
City of Los Angeles – Stay Housed	1,805,137	1,260,738
DHCS Medi-Cal Legal Assistance	1,411,532	-
County of Los Angeles – CalWORKs DVSS	1,331,319	1,028,424
County Stay Housed – LAFLA	1,165,008	1,437,110
LSTF - Equal Access to Justice	1,019,851	870,201
LAC DHS MLCP - Whole Person Care	1,013,016	1,954,491
DMHC Consumer Assistance Program	618,547	610,487
LAHSA Homelessness	526,973	644,969
DHCS MMOP	428,794	437,542
LSTF - Equal Access Partnership	360,409	887,150
LSTF – EAF Supplemental 2025	327,593	-

continued

**NEIGHBORHOOD LEGAL SERVICES
OF LOS ANGELES COUNTY**

NOTES TO FINANCIAL STATEMENTS

16. Government Contracts, continued

Government contracts for the years ended December 31, 2025 and 2024 consist of the following:

	<u>2025</u>	<u>2024</u>
LSTF – Consumer Debt	288,777	301,820
LAV DOJ VAWA	276,762	58,034
Pacoima Community Transit Oriented Development (TOD)	221,981	461,556
Covered California	215,007	205,234
CAL OES Victim Advocacy (UV)	196,906	196,906
LA Food Equity (Community Partners)	196,451	53,549
LAC DHS - AV DOORS	164,664	168,768
LAC Medical Debt	148,113	-
County of Los Angeles – CSBG BUILD	99,932	150,000
DVSFA - Legal Services & Case Management	97,157	-
Impact-City of LA Reentry	88,579	121,456
Olive View – Trauma Recovery Center	87,258	114,976
LSC Disaster Relief Emergency	81,551	-
City of LA - Breaking Barriers	77,274	35,226
LSTF CalHFA	72,331	-
Family Empowerment & Economic Legacy (FEEL) (CSI)	64,046	582,017
LSTF - HP 4 BAILA	53,332	573,934
POWER Partnership (HTA)	52,289	58,083
CAL CRG	48,786	232,109
LSC 2025 PBIF Transformation	30,792	-
LAC DCFS Family First	9,746	-
County of LA SPA	4,093	-
HRSA ECD Legal Support for Families (NEVHC)	2,264	732
LSTF – EAF Homelessness	-	1,156,158
DHCS CCHI	-	197,294
LACDA Bringing Families Home	-	188,584
DVSS American Rescue Plan (ARP)	-	176,416
City of Los Angeles - Mayor's Fund	-	77,625
MHSA Innovation	-	64,869
LSC 2023 PBIF Planning Grant	-	51,590
HCD – Mobile Home	-	34,148
Children’s Outreach Enrollment Utilization and Retention Training Grant	-	15,441
	<u>\$29,829,464</u>	<u>\$28,676,273</u>

continued

**NEIGHBORHOOD LEGAL SERVICES
OF LOS ANGELES COUNTY**

NOTES TO FINANCIAL STATEMENTS

17. Private Attorney Involvement

LSC requires that an amount equal to 12.5% of its current grant be utilized for private attorney involvement (“PAI”). NLSLA’s PAI requirement and the related expenses during the year ended December 31, 2025 are summarized as follows:

Support:	
LSC basic grant	\$5,601,424
	<u> x 12.5%</u>
PAI requirement	<u>\$ 700,178</u>
Expenses:	
Personnel salaries:	
Lawyers, paralegals, clerical, and administrative staff	\$ 578,015
Employee benefits	177,451
Professional fees	18,399
Occupancy	18,048
Office expense	9,513
Software and equipment rental and maintenance	8,787
Telephone and network	7,675
Insurance	4,843
Library maintenance	2,108
Travel and training	1,609
Dues and subscriptions	217
Other	99
Meeting and events	41
Litigation	<u>22</u>
	<u>\$ 826,827</u>
Net PAI expenses (over) the requirement threshold	<u>\$(126,649)</u>

SUPPLEMENTARY INFORMATION

NEIGHBORHOOD LEGAL SERVICES OF LOS ANGELES COUNTY

SCHEDULE OF REVENUE, SUPPORT, EXPENSES, AND CHANGES IN NET ASSETS
FOR LEGAL SERVICES CORPORATION FUNDS
For the year ended December 31, 2025

	Basic Field Grant	Carryover	LSC PBIF	LSC DREG	Property	Total
Revenue and support						
Government contracts	\$ 3,180,390	\$ 2,007,600	\$ 30,792	\$ 81,551	\$ -	\$ 5,300,333
Income from investments	111,945					111,945
Rental income	40,715					40,715
Attorney fees & costs	16,276					16,276
Total revenue and support	<u>3,349,326</u>	<u>2,007,600</u>	<u>30,792</u>	<u>81,551</u>	<u>-</u>	<u>5,469,269</u>
Expenses						
Salaries and wages	2,035,090	1,399,863	20,490	55,936		3,511,379
Payroll taxes and employee benefits	633,880	419,960	6,146	17,027		1,077,013
Total personnel costs	<u>2,668,970</u>	<u>1,819,823</u>	<u>26,636</u>	<u>72,963</u>	<u>-</u>	<u>4,588,392</u>
Professional fees	141,175	66,180	3,602	1,089		212,046
Occupancy	145,038	47,541	142	2,876		195,597
Depreciation					187,006	187,006
Office supplies and expense	117,070	5,237	135	778		123,220
Software lease and equipment rental	81,134	12,752	145	1,050		95,081
Travel and training	62,646	30,000	34	290		92,970
Telephone	50,159	13,976	56	952		65,143
Insurance	36,610	12,091	13	940		49,654
Library maintenance	18,158			530		18,688
Miscellaneous	17,974		27	77		18,078
Dues and subscriptions	5,196		1	5		5,202
Litigation	3,505					3,505
Client Support	1,012					1,012
Meetings and events	628		1	1		630
Special event	51					51
Capital purchases						-
Total expenses	<u>3,349,326</u>	<u>2,007,600</u>	<u>30,792</u>	<u>81,551</u>	<u>187,006</u>	<u>5,656,275</u>
Change in net assets	-	-	-	-	(187,006)	(187,006)
Net assets, beginning of year	-	-	-	-	1,098,346	1,098,346
Net assets, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 911,340</u>	<u>\$ 911,340</u>
Deferred revenue, end of year	<u>\$ 2,421,034</u>	<u>* \$ 1,500,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,921,034</u>

* In accordance with LSC Program Letter 23-2, unearned LSC grant award is recorded in the Statement of Financial Position as refundable advances. The 2025 LSC basic field grant award is \$5,601,424, of which NLSLA recognized \$3,180,390 as revenue "with donor restrictions" in 2025 and recorded \$2,421,034 as refundable advances in the Statement of Financial Position as of December 31, 2025.

** The 2024 LSC basic field grant award was \$5,402,852, of which NLSLA recognized \$3,395,253 as revenue "with donor restrictions" in 2024 and recorded \$2,007,600 as refundable advances in the Statement of Financial Position as of December 31, 2024.

In accordance with 45 CFR Section 1628, NLSLA received approval from LSC to waive the 10% ceiling on the December 31, 2024 LSC fund balance. The LSC fund balance as of December 31, 2024 was \$3,507,600 and of that amount \$2,007,600 was recognized as revenue "with donor restrictions" in 2025 and expended in 2025 per approval from LSC. The remaining \$1,500,000 is reserved for 2026 operations in accordance with the approval from LSC.

Total LSC refundable advances at 12/31/2025 is reported as \$3,921,034 representing \$2,421,034 of 2025 LSC Basic Field Grant Award and \$1,500,000 of 2024 LSC Basic Field Grant Award.

Total LSC Basic Field Grant revenue earned in 2025 is \$5,187,990 and is comprised of \$3,180,390 from the 2025 award and \$2,007,600 from the 2024 award.

See independent auditors' report.

NEIGHBORHOOD LEGAL SERVICES OF LOS ANGELES COUNTY

SCHEDULE OF REVENUE, SUPPORT, AND EXPENSES BY GRANT

For the year ended December 31, 2025

	<u>Federal</u>	<u>State</u>	<u>Local</u>	<u>Foundations</u>	<u>Other</u>	<u>Plant</u>	<u>Total</u>
Revenue and support							
Government contracts (Note 16)	\$ 5,643,408	\$ 14,639,224	\$ 9,546,832	\$ -	\$ -	\$ -	\$ 29,829,464
Donated materials and services (Note 2)					8,674,897		8,674,897
Contributions				3,346,562	490,156		3,836,718
Foundations				1,188,134	37,000		1,225,134
Income from investments	111,946			45,066	992,324		1,149,336
Special events					174,319		174,319
Charitable Remainder Unitrust					173,466		173,466
Attorney fees and costs	16,276				106,457		122,733
Fellowship income					101,707		101,707
Rental income	40,715				32,358		73,073
Other revenue					8,523		8,523
Total revenue and support	<u>5,812,345</u>	<u>14,639,224</u>	<u>9,546,832</u>	<u>4,579,762</u>	<u>10,791,207</u>	<u>-</u>	<u>45,369,370</u>
Expenses							
Salaries and wages	3,758,348	6,911,035	5,529,783	1,406,348	403,967		18,009,481
Payroll taxes and employee benefits	1,154,235	2,128,230	1,714,448	429,538	101,684		5,528,135
Total personnel costs	<u>4,912,583</u>	<u>9,039,265</u>	<u>7,244,231</u>	<u>1,835,886</u>	<u>505,651</u>	<u>-</u>	<u>23,537,616</u>
Donated materials and services					8,674,897		8,674,897
Sub-grants		4,149,876	1,586,244				5,736,120
Professional fees	215,368	219,812	77,487	83,232	292,670		888,569
Occupancy	199,081	196,935	117,397	34,771	36,647		584,831
Office supplies and expense	125,338	74,159	53,607	14,876	38,512		306,492
Depreciation						292,355	292,355
Software leases and equipment rental	97,887	96,681	54,816	18,596	13,700		281,680
Telephone	67,257	94,546	54,376	18,175	9,873		244,227
Travel and training	95,522	88,165	28,739	14,466	12,188		239,080
Miscellaneous	18,332	15,482	13,023	16,397	93,787		157,021
Insurance	50,516	54,860	31,311	10,211	8,732		155,630
Dues and subscriptions	5,208	93,126	1,871	2,386	14,437		117,028
Litigation	3,790	63,433	36,438	635			104,296
Meetings and events	707	12,859	923	429	63,415		78,333
Library maintenance	19,694	25,756	13,771	4,597	3,727		67,545
Direct client assistance	1,011		12,662	37,156			50,829
Special event	51				12,539		12,590
Capital purchases					18,115	(18,115)	-
Total expenses	<u>5,812,345</u>	<u>14,224,955</u>	<u>9,326,896</u>	<u>2,091,813</u>	<u>9,798,890</u>	<u>274,240</u>	<u>41,529,139</u>
Revenue and support over (under) expenses	<u>\$ -</u>	<u>\$ 414,269</u>	<u>\$ 219,936</u>	<u>\$ 2,487,949</u>	<u>\$ 992,317</u>	<u>\$ (274,240)</u>	<u>\$ 3,840,231</u>

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