National Consumer Law Center

Fighting Together for Economic Justice

AND CONSUMER LAW BUILDING CORPORATION

COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NATIONAL CONSUMER LAW CENTER, INC. AND
CONSUMER LAW BUILDING CORPORATION

Contents
December 31, 2024 and 2023

AAFCPAs
great minds | great hearts

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Independent Auditor's Report

To the Board of Directors of
National Consumer Law Center, Inc. and Consumer Law Building Corporation:

Opinion

We have audited the combined financial statements of National Consumer Law Center, Inc. and Consumer Law Building Corporation (Massachusetts nonprofit corporations) (collectively, the Agency), which comprise the combined statements of financial position as of December 31, 2024 and 2023, and the related combined statements of activities and changes in net assets, cash flows, and functional expenses for the years then ended, and the related notes to the combined financial statements.

In our opinion, the accompanying combined financial statements present fairly, in all material respects, the combined financial position of National Consumer Law Center, Inc. and Consumer Law Building Corporation as of December 31, 2024 and 2023, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Agency and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 combined 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern within one year after the date that the combined financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined 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 combined financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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 combined 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 combined 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 Agency'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 combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency'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.

AAFCPAs, Inc.

Westborough, Massachusetts
April 28, 2025

NATIONAL CONSUMER LAW CENTER, INC. AND
CONSUMER LAW BUILDING CORPORATION

Combined Statements of Financial Position
December 31, 2024 and 2023

	2024			2023		
Assets	**Without Donor Restrictions**	**With Donor Restrictions**	**Total**	**Without Donor Restrictions**	**With Donor Restrictions**	**Total**
Current Assets:						
Cash and cash equivalents	$ 2,899,245	$ -	$ 2,899,245	$ 738,767	$ -	$ 738,767
Short-term investments	25,240,351	3,190,368	28,430,719	23,108,427	3,404,347	26,512,774
Accounts receivable	111,785	-	111,785	137,231	-	137,231
Current portion of grants and pledges receivable	277,622	2,239,017	2,516,639	324,232	963,834	1,288,066
Prepaid expenses and deposits	349,265	-	349,265	281,638	-	281,638
Total current assets	28,878,268	5,429,385	34,307,653	24,590,295	4,368,181	28,958,476
Investments	20,312,188	-	20,312,188	19,171,561	-	19,171,561
Restricted Cash	359,872	-	359,872	351,116	-	351,116
Grants and Pledges Receivable, net	-	1,438,709	1,438,709	-	1,189,135	1,189,135
Right-of-Use Lease Asset - Operating	337,292	-	337,292	477,655	-	477,655
Property, Plant and Equipment, net	7,672,940	-	7,672,940	8,164,161	-	8,164,161
Total assets	$ 57,560,560	$ 6,868,094	$ 64,428,654	$ 52,754,788	$ 5,557,316	$ 58,312,104
Liabilities and Net Assets						
Current Liabilities:						
Current portion of note payable	$ 173,997	$ -	$ 173,997	$ 173,997	$ -	$ 173,997
Accounts payable	945,993	-	945,993	414,498	-	414,498
Accrued expenses	792,236	-	792,236	742,067	-	742,067
Current portion of operating lease liability	157,873	-	157,873	161,054	-	161,054
Deferred revenue	1,024,563	-	1,024,563	976,190	-	976,190
Total current liabilities	3,094,662	-	3,094,662	2,467,806	-	2,467,806
Note Payable, net	3,268,506	-	3,268,506	3,432,224	-	3,432,224
Operating Lease Liability, net	229,535	-	229,535	380,944	-	380,944
Total liabilities	6,592,703	-	6,592,703	6,280,974	-	6,280,974
Net Assets:						
Program reserves	15,697,464	-	15,697,464	10,847,123	-	10,847,123
Building fund	8,303,969	-	8,303,969	9,410,605	-	9,410,605
Willard P. Ogburn Board-Designated Endowment	12,191,650	-	12,191,650	11,371,999	-	11,371,999
Property, plant and equipment	4,180,321	-	4,180,321	4,493,597	-	4,493,597
Campaign for the Future	10,379,056	50,000	10,429,056	10,135,093	374,241	10,509,334
Program designated	215,397	6,818,094	7,033,491	215,397	5,183,075	5,398,472
Total net assets	50,967,857	6,868,094	57,835,951	46,473,814	5,557,316	52,031,130
Total liabilities and net assets	$ 57,560,560	$ 6,868,094	$ 64,428,654	$ 52,754,788	$ 5,557,316	$ 58,312,104

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

NATIONAL CONSUMER LAW CENTER, INC. AND
CONSUMER LAW BUILDING CORPORATION

Combined Statements of Activities and Changes in Net Assets
For the Years Ended December 31, 2024 and 2023

	2024			2023		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	**Without Donor Restrictions**	**With Donor Restrictions**	**Total**
Support and Revenue:						
Grants, contracts and contributions	$ 7,773,287	$ 5,865,353	$ 13,638,640	$ 10,405,411	$ 4,105,455	$ 14,510,866
Publications and program revenue	4,129,230	-	4,129,230	3,833,173	-	3,833,173
Interest and dividends	1,165,922	-	1,165,922	768,387	-	768,387
Rental income	221,835	-	221,835	216,048	-	216,048
Donated services	29,547	-	29,547	36,028	-	36,028
Net assets released from restrictions	4,554,575	(4,554,575)	-	3,713,367	(3,713,367)	-
Total support and revenue	17,874,396	1,310,778	19,185,174	18,972,414	392,088	19,364,502
Expenses:						
Program services	11,699,802	-	11,699,802	11,316,690	-	11,316,690
General and administrative	2,087,366	-	2,087,366	1,744,743	-	1,744,743
Fundraising	1,011,641	-	1,011,641	942,048	-	942,048
Total expenses	14,798,809	-	14,798,809	14,003,481	-	14,003,481
Changes in net assets from operations	3,075,587	1,310,778	4,386,365	4,968,933	392,088	5,361,021
Non-Operating Revenue:						
Net gain on investments	771,020	-	771,020	1,923,304	-	1,923,304
Interest and dividends, net - Designated endowment	419,758	-	419,758	298,608	-	298,608
Interest and dividends, net - Building fund	227,678	-	227,678	310,980	-	310,980
Total non-operating revenue	1,418,456	-	1,418,456	2,532,892	-	2,532,892
Changes in net assets	4,494,043	1,310,778	5,804,821	7,501,825	392,088	7,893,913
Net Assets:						
Beginning of year	46,473,814	5,557,316	52,031,130	38,971,989	5,165,228	44,137,217
End of year	$ 50,967,857	$ 6,868,094	$ 57,835,951	$ 46,473,814	$ 5,557,316	$ 52,031,130

NATIONAL CONSUMER LAW CENTER, INC. AND
CONSUMER LAW BUILDING CORPORATION

Combined Statements of Cash Flows
For the Years Ended December 31, 2024 and 2023

	2024	2023
Cash Flows from Operating Activities:		
Changes in net assets	$ 5,804,821	$ 7,893,913
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	624,513	613,239
Amortization of debt issuance costs charged as interest expense	10,284	10,278
Change in discount on pledges receivable	2,204	92,472
Non-cash lease expense	146,827	146,827
Interest and dividends, net - long-term designated net assets	(647,436)	(609,588)
Net gains on investments	(771,020)	(1,923,304)
Changes in operating assets and liabilities:		
Accounts receivable	25,446	22,779
Grants and pledges receivable	(1,480,351)	(1,082,554)
Prepaid expenses and deposits	(67,627)	430
Accounts payable	531,495	(335,153)
Accrued expenses	50,169	109,229
Operating lease liability	(161,054)	(156,744)
Deferred revenue	48,373	(56,108)
Net cash provided by operating activities	4,116,644	4,725,716
Cash Flows from Investing Activities:		
Acquisition of property, plant and equipment	(133,292)	(218,303)
Interest and dividends, net - long-term designated net assets	647,436	609,588
Purchase of investments	(9,195,888)	(11,097,008)
Proceeds from sale of investments	6,908,336	4,329,726
Net cash used in investing activities	(1,773,408)	(6,375,997)
Cash Flows from Financing Activities:		
Principal payments on note payable	(174,002)	(171,349)
Net Change in Cash, Cash Equivalents and Restricted Cash	2,169,234	(1,821,630)
Cash, Cash Equivalents and Restricted Cash:		
Beginning of year	1,089,883	2,911,513
End of year	$ 3,259,117	$ 1,089,883
Reconciliation of Cash, Cash Equivalents and Restricted Cash Reported Within the Combined Statements of Financial Position:		
Cash and cash equivalents	$ 2,899,245	$ 738,767
Restricted cash	359,872	351,116
Total cash, cash equivalents and restricted cash	$ 3,259,117	$ 1,089,883
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest	$ 142,307	$ 147,937

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

NATIONAL CONSUMER LAW CENTER, INC. AND
CONSUMER LAW BUILDING CORPORATION

Combined Statement of Functional Expenses
For the Year Ended December 31, 2024
(With Summarized Comparative Totals for the Year Ended December 31, 2023)

	2024								2023
	Program Services					Supporting Services			
	Advocacy	Publishing	Litigation and Expert Work	Conferences and Trainings	Total Program Services	General and Adminis-trative	Fundraising	Total	Total
Personnel and Related Costs:									
Advocates	$ 4,243,172	$ 697,989	$ 231,000	$ 214,693	$ 5,386,854	$ 9,772	$ -	$ 5,396,626	$ 5,089,712
Support staff	153,107	817,690	5,859	60,116	1,036,772	1,202,601	657,102	2,896,475	2,860,525
Payroll taxes and fringe benefits	1,238,046	426,833	66,702	77,389	1,808,970	341,418	185,048	2,335,436	2,235,842
Consultants - advocates	407,444	23,340	-	16,825	447,609	5,750	18,681	472,040	449,656
Total personnel and related costs	6,041,769	1,965,852	303,561	369,023	8,680,205	1,559,541	860,831	11,100,577	10,635,735
Other:									
Publications and other direct expenses	248,618	244,805	19,986	858,673	1,372,082	231,509	70,558	1,674,149	1,157,273
Depreciation	244,786	301,973	11,917	37,285	595,961	19,467	9,085	624,513	613,239
Consultants	176,275	14,925	383	151,635	343,218	52,702	-	395,920	351,514
Occupancy	194,319	12,035	2,674	-	209,028	20,059	9,361	238,448	493,893
Contract services	29,924	10,088	1,814	-	41,826	163,183	6,348	211,357	186,572
Consumable supplies	44,723	71,747	4,126	25,626	146,222	7,483	53,652	207,357	210,273
Travel	69,194	357	5,563	83,555	158,669	33,422	1,806	193,897	196,767
Interest	99,184	30,518	4,578	18,311	152,591	-	-	152,591	158,215
Total other	1,107,023	686,448	51,041	1,175,085	3,019,597	527,825	150,810	3,698,232	3,367,746
Total expenses	$ 7,148,792	$ 2,652,300	$ 354,602	$ 1,544,108	$ 11,699,802	$ 2,087,366	$ 1,011,641	$ 14,798,809	$ 14,003,481

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

NATIONAL CONSUMER LAW CENTER, INC. AND
CONSUMER LAW BUILDING CORPORATION

Combined Statement of Functional Expenses
For the Year Ended December 31, 2023

	Program Services					Supporting Services		
	Advocacy	Publishing	Litigation and Expert Work	Conferences and Trainings	Total Program Services	General and Adminis-trative	Fundraising	Total
Personnel and Related Costs:								
Advocates	$ 3,968,714	$ 704,064	$ 150,031	$ 256,498	$ 5,079,307	$ 10,405	$ -	$ 5,089,712
Support staff	209,003	898,305	8,049	66,949	1,182,306	1,071,570	606,649	2,860,525
Payroll taxes and fringe benefits	1,174,897	450,634	44,457	90,963	1,760,951	304,283	170,608	2,235,842
Consultants - advocates	380,936	30,143	-	16,862	427,941	-	21,715	449,656
Total personnel and related costs	5,733,550	2,083,146	202,537	431,272	8,450,505	1,386,258	798,972	10,635,735
Other:								
Publications and other direct expenses	177,536	225,538	10,037	613,026	1,026,137	87,561	43,575	1,157,273
Depreciation	252,061	282,081	12,139	38,041	584,322	19,716	9,201	613,239
Consultants	168,125	18,493	1,805	129,220	317,643	33,871	-	351,514
Occupancy	447,220	12,729	2,829	-	462,778	21,215	9,900	493,893
Contract services	32,028	9,149	1,830	-	43,007	137,159	6,406	186,572
Consumable supplies	31,685	70,564	2,960	27,092	132,301	7,129	70,843	210,273
Travel	60,552	-	3,051	78,179	141,782	51,834	3,151	196,767
Interest	102,840	31,643	4,746	18,986	158,215	-	-	158,215
Total other	1,272,047	650,197	39,397	904,544	2,866,185	358,485	143,076	3,367,746
Total expenses	$ 7,005,597	$ 2,733,343	$ 241,934	$ 1,335,816	$ 11,316,690	$ 1,744,743	$ 942,048	$ 14,003,481

1. OPERATIONS AND NONPROFIT STATUS

National Consumer Law Center, Inc. (the Center) is a nonprofit corporation organized in October 1971. The Center principally promotes the well-being of consumers, especially those who are low-income or disadvantaged. The Center represents consumers on a national level in litigation and other forums. Through its publications and activities, the Center provides active support and assistance to lawyers and others representing the interests of consumers, as well as to legislators, community groups, law enforcement offices, and government agencies. The Center also undertakes legal research, policy studies, and non-partisan analyses on matters relating to consumer law and public policy.

The Center is the sole member of Consumer Law Building Corporation (CLBC), a nonprofit corporation. The Center and CLBC are collectively referred to as the Agency throughout the combined financial statements. The Center occupies an office condominium (the top four floors of a five-story building) in Boston's financial district (hereinafter referred to as "the Building"), which is owned by CLBC.

The Center and CLBC are exempt from Federal income taxes as organizations (not private foundations) formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC). The Center and CLBC are also exempt from state income taxes. Donors may deduct contributions made to the Center and CLBC within the IRC regulations.

2. SIGNIFICANT ACCOUNTING POLICIES

The Agency prepares its combined financial statements in accordance with generally accepted accounting standards and principles (U.S. GAAP) established by the Financial Accounting Standards Board (FASB). References to U.S. GAAP in these notes are to the FASB Accounting Standards Codification (ASC).

Principles of Combination

The combined financial statements include the Center and CLBC. All significant intercompany balances and transactions have been eliminated (see Note 3).

Estimates

The preparation of combined financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combined financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include checking and money market accounts with an initial maturity of three months or less, excluding cash that is part of the investment portfolio.

Allowance for Doubtful Accounts

An allowance for potentially uncollectible grants and pledges receivable is provided based upon management's judgment of expected defaults. The determination included factors such as prior collection history and types of receivables. There was no allowance for doubtful accounts considered necessary for the years ended December 31, 2024 and 2023.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, Plant and Equipment and Depreciation

Property, plant and equipment (see Note 4) are recorded at cost when purchased or at market value at the date of donation. The Agency capitalizes all expenditures for property and equipment and leasehold improvements of $5,000 or greater, with a useful life in excess of one year.

Depreciation is computed using the straight-line basis over the estimated service life of the assets as follows:

Building and improvements	25 - 40 years
Electronic subscription platform	5 years
Equipment	3 - 7 years
Leasehold improvements	Life of the lease

Right-of-Use Lease Asset - Operating and Operating Lease Liability

The Agency accounts for leases in accordance with ASC 2016-02, *Leases* (*Topic 842*). The Agency determines if an arrangement is a lease or contains a lease at inception of a contract. A contract is determined to be a lease or contain a lease if the contract conveys the right to control the use of identified property, plant, or equipment (an identified asset) in exchange for consideration. The Agency determines such assets are leased because the Agency has the right to obtain substantially all of the economic benefits from and the right to direct the use of the identified asset. Assets in which the supplier or lessor has the practical ability and right to substitute alternative assets for the identified asset and would benefit economically from the exercise of its right to substitute the asset are not considered to be or contain a lease because the Agency determines it does not have the right to control and direct the use of the identified asset. The Agency's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

In evaluating its contracts, the Agency separately identifies lease and non-lease components, such as common area and other maintenance costs, in calculating the right-of-use (ROU) assets and lease liabilities for its office building. The Agency has elected the practical expedient to not separate lease and non-lease components and classifies the contract as a lease if consideration in the contract allocated to the lease component is greater than the consideration allocated to the non-lease component.

Leases result in the recognition of ROU assets and lease liabilities on the combined statements of financial position. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The Agency determines lease classification as operating or finance at the lease commencement date.

At lease inception, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The Agency uses the implicit rate when readily determinable. As most leases do not provide an implicit rate, to determine the present value of lease payments, management uses the risk-free rate at lease commencement.

The lease term may include options to extend or to terminate the lease that the Agency is reasonably certain to exercise. Lease expense is generally recognized on a straight-line basis over the lease term.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Right-of-Use Lease Asset - Operating and Operating Lease Liability (Continued)

The Agency has elected not to record leases with an initial term of twelve months or less on the combined statements of financial position. Lease expense on such leases is recognized on a straight-line basis over the lease term.

Unamortized Debt Issuance Costs

Unamortized debt issuance costs have been netted with the note payable (see Note 9) and are amortized over the period the related obligation is outstanding using the straight-line method, which approximates the effective interest method.

Net Assets

Net assets without donor restrictions represent amounts which bear no external restrictions. The Board of Directors and management have segregated portions of the net assets without donor restrictions into various categories for planning and budgetary purposes as follows:

Program reserves are amounts without donor restrictions designated by management to be used for the strategic priorities and projects.

Building fund represents funds without donor restrictions which the Board of Directors designated for the operations, management, upkeep, and improvements of the Agency's facility. Investment income on this fund is retained in the fund.

Willard P. Ogburn Board-Designated Endowment represents funds set aside by the Board of Directors to be used similarly as an endowment, with a long-term time horizon. These funds may be used to stabilize the operations and fund program activities (see Note 8). These amounts may only be used with the approval of the Board of Directors. Investment income on this fund is retained in the fund.

Property, plant and equipment represent the net book value of the Agency's property, equipment, leasehold improvements and ROU asset, net of any related debt.

Campaign for the Future is a reserve established to segregate funds raised in conjunction with the Campaign. The Campaign has an annual budget developed by management and approved by the Board as part of the Center's annual budget process.

Program designated includes funds awarded by foundations, courts, and donors to the Center, which the Center sets aside for specific special programs and projects, often of multi-year duration.

Interest on these net assets is recorded as support and revenue without donor restrictions and is available for operations without a separate vote of the Board of Directors, excluding the Willard P. Ogburn Board-Designated Endowment and Building Fund.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets (Continued)

Net assets with donor restrictions represent amounts received or unconditionally committed with donor restrictions which have not yet been expended for their designated purpose. Net assets with donor restrictions are restricted for the following as of December 31:

	2024	2023
Program designated - Cy Pres	$ 3,746,230	$ 3,513,808
Program designated - general	3,071,864	1,669,267
Campaign for the Future restricted	50,000	374,241
Total	$ 6,868,094	$ 5,557,316

Net assets are released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors. For the years ended December 31, 2024 and 2023, all amounts were released upon incurring qualifying program expenses.

Revenue Recognition

Grants, Contracts and Contributions

In accordance with ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, the Agency must determine whether a contribution (or a promise) is conditional or unconditional for transactions deemed to be a contribution. A contribution is considered to be a conditional contribution if an agreement includes a barrier that must be overcome and either a right of return of the assets or a right of release of a promise to transfer assets exists. Indicators of a barrier include a measurable performance-related barrier or another measurable barrier, a stipulation that limits discretion by the recipient on the conduct of an activity, and stipulations that are related to the purpose of the agreement. Topic 958 prescribes that the Agency should not consider probability of compliance with the barrier when determining if such awards are conditional and should be reported as conditional grant advance liabilities until such conditions are met.

The Agency reports gifts of cash and other assets as donor restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the combined statements of activities and changes in net assets as net assets released from restrictions. Support without donor restrictions is recognized when received or unconditionally committed by the donor.

The Center receives support from foundations (grants) and from public and private nonprofit agencies under fixed-price and cost-reimbursable agreements (contracts). Grants and contracts revenue are recognized as support when services are rendered, or costs are incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Grants, Contracts and Contributions (Continued)

During 2024 and 2023, the Center expended $434,034 and $442,221, respectively, of funds provided by Massachusetts Legal Assistance Corporation (MLAC) for various Center programs. Under the Center's grant agreement with MLAC, the Center agrees to follow MLAC's restrictions with respect to the use or disposition of net assets, records, equipment, supplies, or property purchased with MLAC funds. This will be applicable if the Center's funding is terminated before the expected expiration date of the grant, or if the Center ceases to receive funds from MLAC after the funding period. As of December 31, 2024 and 2023, there were no net assets without donor restrictions applicable to MLAC funding.

Court awards are included in grants, contracts and contributions in the accompanying combined statements of activities and changes in net assets. When a court award stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the combined statements of activities and changes in net assets as net assets released from restrictions. Court awards without donor restrictions are recognized when received.

Exchange Transactions

The Agency evaluates its revenue contracts with customers based on the five-step model under FASB's ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*: (1) Identify the contract with the customer; (2) Identify the performance obligations in the contract; (3) Determine the transaction price; (4) Allocate the transaction price to separate performance obligations; and (5) Recognize revenue when (or as) each performance obligation is satisfied.

Publications and program revenue included in the accompanying combined statements of activities and changes in net assets consist of the following for the year ended December 31:

	2024	2023
Publications	$ 2,396,224	$ 2,451,508
Conference	1,233,795	948,475
Attorney fees	460,346	401,658
Advice and honorarium	38,865	31,532
Total publications and program revenue	$ 4,129,230	$ 3,833,173

The Center offers subscriptions for access to its publications. The subscription is deemed to be a single performance obligation upon contract execution. The performance obligation (the subscription) is satisfied over time as services are provided. Revenue for the subscriptions is recognized ratably over the term of the subscription.

Attorney fees are amounts which are generally awarded by the courts and paid by defendants following the representation of low-income and elderly clients in litigation. Attorney fees are recognized at that point in time when received. The amounts to be received, if any, cannot be determined, and are therefore not reflected in the accompanying combined financial statements until received.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Exchange Transactions (Continued)

Conferences are deemed to be a single performance obligation upon the conference being held. Revenue for conferences is recognized at a point in time when the conference is held.

Advice and honorarium are deemed to be a single performance obligation upon contract execution. The performance obligation is satisfied based over time as services are provided.

Services provided in advance of receiving the associated fee are recorded as accounts receivable in the accompanying combined statements of financial position until the payment is made by the customer. Fees received in advance of services provided are recorded as deferred revenue in the accompanying combined statements of financial position. Accounts receivable and deferred revenue as of January 1, 2023, were $160,010 and $1,032,298, respectively.

All other revenue is recognized when earned.

Donated Services

Donated services are reflected as contributions at their fair value at date of donation and are reported as operating revenue and without donor restrictions unless explicit donor stipulations specify how donated assets must be used. These amounts have been reported as donated services in the accompanying combined statements of activities and changes in net assets. The Agency recognizes the fair value of contributed services received if such services a) create or enhance nonfinancial assets or b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed.

The Agency is the recipient of in-kind legal services. These services have been valued at $29,547 and $36,028 for the years ended December 31, 2024 and 2023, respectively, and are included in consultants - advocates in the accompanying combined statements of functional expenses. These services are valued at the standard hourly rates charged for the services.

The Agency's policy related to donated services is to utilize the donated services to carry out the mission of the Agency.

All in-kind gifts received by the Agency for the years ended December 31, 2024 and 2023, were considered without donor restriction and able to be used by the Agency as determined by management.

Allocation of Expenses

Certain expenses are incurred which support the work performed under more than one grant or contract. Such expenses are allocated among the various grants and contracts based upon management's calculation of the amount attributable to each grant or contract. Expenses incurred for specific grants or contracts are charged directly to the applicable project.

The combined financial statements contain certain categories of expenses that are attributable to program and supporting functions and are allocated on a reasonable basis that is consistently applied. The expenses that are allocated include advocates, support staff, and payroll taxes and fringe benefits, which are allocated based on a tracking of time spent on the Agency's program and supporting functions and occupancy and depreciation, which are allocated based on the square footage utilized by a function.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Combined Statements of Activities and Changes in Net Assets

Transactions deemed by management to be ongoing, major, or central to the provision of the related services of the Agency are reported as support and revenue and expenses in the accompanying combined statements of activities and changes in net assets. Non-operating revenue consists of investment activity.

Fair Value Measurements

The Agency follows the accounting and disclosure standards pertaining to ASC Topic, *Fair Value Measurements,* for qualifying assets and liabilities. Fair value is defined as the price that the Agency would receive upon selling an asset or pay to settle a liability in an orderly transaction between market participants.

The Agency uses a framework for measuring fair value that includes a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value. This hierarchy is broken down into three levels based on inputs that market participants would use in valuing the financial instruments based on market data obtained from sources independent of the Agency. Inputs refer broadly to the assumptions that market participants would use in pricing the financial instrument, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the financial instrument developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset developed based on the best information available.

The three-tier hierarchy of inputs is summarized in the three broad levels as follows:

Level 1 - Inputs that reflect unadjusted quoted prices in active markets for identical assets at the measurement date.

Level 2 - Inputs other than quoted prices that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3 - Inputs that are unobservable and which require significant judgment or estimation.

An asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement.

The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

Cash Equivalents

Cash equivalents include money market and other accounts with original maturities of three months or less, except that such instruments purchased with endowment assets are classified as investments. Cash equivalents are considered Level 1 in the fair value hierarchy.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements (Continued)

Investments

Investments are recorded in the combined financial statements at fair value. If an investment is directly held by the Agency and an active market with quoted prices exists, the market price of an identical security is used to report fair value. Reported fair values of shares in equities are based on share prices reported by the funds as of the last business day of the fiscal year. A summary of inputs used in valuing the Agency's investments as of December 31, 2024 and 2023, is included in Note 7.

All Other Assets and Liabilities

The carrying value of all other assets and liabilities, including notes payable, does not differ materially from its estimated fair value and are considered Level 1 in the fair value hierarchy.

Income Taxes

The Agency accounts for uncertainty in income taxes in accordance with ASC Topic, *Income Taxes*. This standard clarifies the accounting for uncertainty in tax positions and prescribes a recognition threshold and measurement attribute for the combined financial statements regarding a tax position taken or expected to be taken in a tax return. The Agency has determined that there are no uncertain tax positions which qualify for either recognition or disclosure in the combined financial statements at December 31, 2024 and 2023. The Agency's informational tax returns are subject to examination by the Federal and state jurisdictions.

Subsequent Events

Subsequent events have been evaluated through April 28, 2025, which is the date the combined financial statements were available to be issued. There were no events that met the criteria for disclosure in the accompanying combined financial statements.

3. RELATED PARTY TRANSACTIONS

The Center leases its building from CLBC. Rent expense for the Center under this agreement totaled approximately $316,000 and $780,000 for the years ended December 31, 2024 and 2023, respectively. From time-to-time, certain transactions are paid or collected on behalf of one another. At December 31, 2024 and 2023, the Center owed $55,591 and $262,441, respectively, for rent and operating expenses to CLBC. No amounts were owed from CLBC to the Center at December 31, 2024 and 2023. These amounts have been eliminated in the accompanying combined financial statements.

In April 2023, an Inter-Organizational Cash Advance Agreement was signed between CLBC and the Center. CLBC loaned $1,200,000 to the Center and the agreement called for repayment by December 31, 2024. As of December 31, 2023, none of the loan had been repaid. This loan was eliminated in the accompanying combined statement of financial position as of December 31, 2023. During 2024, this loan was forgiven and recognized as an intercompany contribution and eliminated in the accompanying combined statement of activities and changes in net assets for the year ended December 31, 2024.

4. PROPERTY, PLANT AND EQUIPMENT

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

	2024	2023
Building and improvements	$ 11,339,195	$ 11,274,415
Electronic subscription platform	1,167,643	1,099,131
Equipment	472,648	492,233
Leasehold improvements	228,195	228,195
	13,207,681	13,093,974
Less - accumulated depreciation	5,534,741	4,929,813
	$ 7,672,940	$ 8,164,161

5. RESTRICTED CASH

In accordance with CLBC's note payable agreement described in Note 9, the Center has funded an interest reserve. The Center must maintain the interest reserve equal to twelve-months of interest payments. Funds cannot be withdrawn from this reserve without written consent from the bank that is servicing the loan. This reserve was adequately funded at December 31, 2024 and 2023.

6. GRANTS AND PLEDGES RECEIVABLE

Grants and pledges receivable are due as follows at December 31:

	2024	2023
Due within one year	$ 2,516,639	$ 1,288,066
Due in one to five years	1,533,386	1,281,608
	4,050,025	2,569,674
Less - discount	94,677	92,473
Less - current portion	2,516,639	1,288,066
Grants and pledges receivable, net	$ 1,438,709	$ 1,189,135

Grants and pledges receivable due in greater than one year are recorded net of a discount of 4.27% and 3.84% as of December 31, 2024 and 2023, respectively.

A total of 59% and 81% of grants and pledges receivable were due from two donors at December 31, 2024 and 2023, respectively.

7. INVESTMENTS

The following table presents the Agency's investments by level within the fair value framework as of December 31, 2024:

	Level 1	Level 2	Level 3	Total
Money market funds	$ 5,676,940	$ -	$ -	$ 5,676,940
Fixed income:				
Corporate bonds	23,725,534	-	-	23,725,534
Government bonds	6,234,236	-	-	6,234,236
Equities:				
Domestic large cap	6,750,426	-	-	6,750,426
Other	5,758,155	-	-	5,758,155
Managed futures	-	597,616	-	597,616
Total	$ 48,145,291	$ 597,616	$ -	$ 48,742,907

The following table presents the Agency's investments by level within the fair value framework as of December 31, 2023:

	Level 1	Level 2	Level 3	Total
Money market funds	$ 1,923,994	$ -	$ -	$ 1,923,994
Fixed income:				
Corporate bonds	27,885,339	-	-	27,885,339
Government bonds	3,921,450	-	-	3,921,450
Equities:				
Domestic large cap	5,396,294	-	-	5,396,294
Other	5,869,281	-	-	5,869,281
Managed futures	-	687,977	-	687,977
Total	$ 44,996,358	$ 687,977	$ -	$ 45,684,335

Level 2 investments consist of managed futures. The value for these managed futures is determined using other observable inputs such as pricing models, quoted prices of securities with similar characteristics, or a pricing matrix. The Agency believes that the reported amount of these investments is a reasonable estimate of fair value as of December 31, 2024 and 2023. Because of the inherent uncertainties of valuation, these estimated fair values may differ significantly from values that would have been used had a ready market existed.

Investments are not insured and are subject to ongoing market fluctuations. Investments are presented as either current or long-term in the accompanying combined statements of financial position based on management's intent.

8. ENDOWMENT

During 2014, the Board of Directors set aside $5,000,000 to establish the Willard P. Ogburn Board-Designated Endowment (the Endowment). From time to time, the Board may designate additional contributions or donors may designate their contributions be allocated to the Board designated fund. There has been no spending from the Endowment since its inception. The Center has developed a strategy for the Endowment with the goals of safeguarding the corpus to ensure the long-term financial stability of the Center and ensuring that the Endowment amounts available for spending are stable and predictable.

8. ENDOWMENT (Continued)

Funds available for distribution from the Endowment, as approved by the Board, will be determined by using a total return principle. Distributions from the Endowment can be drawn down in the middle of the fiscal/budgetary year. Distributions will be limited to 4% of the market value of the preceding twelve quarters corpus based on a three-year rolling average. If the Board determines that the funds are not needed for the current year's operating budget, they will remain in the fund.

Changes in endowment net assets are as follows for the years ended December 31, 2024 and 2023:

	Without Donor Restrictions	
	2024	**2023**
Endowment net assets, beginning of year	$ 11,371,999	$ 10,248,002
Investment return:		
Investment income	461,061	336,645
Net realized gain (loss)	362,064	(109,408)
Net unrealized gain	10,108	901,785
Investment management fees	(41,303)	(38,037)
Total investment return	791,930	1,090,985
Contributions	27,721	33,012
Endowment net assets, end of year	$ 12,191,650	$ 11,371,999

9. NOTE PAYABLE

CLBC has a $6,400,000 note payable with a bank through the issuance of a tax-exempt revenue bond from Massachusetts Development Finance Agency (MDFA). Monthly payments of approximately $14,500 are due through maturity. The interest rate of 3.84% remained in effect through January 2024, at which point the rate was adjusted to 65% of the sum of the Federal Home Loan Bank rate, plus 2%, for a rate of 3.953%. The rate adjusts again under the same terms on January 1, 2029. Principal payments are subject to prepayment penalties ranging from zero to 3% of the principal repayment as described in the agreement. The loan maturity date is in March 2033, at which time any principal and interest outstanding must be paid. The balance of this note was $3,517,994 and $3,691,996 at December 31, 2024 and 2023, respectively. The financing fees of $242,467 are amortizing over the life of the note at approximately $10,280 per year. The accumulated amortization of financing fees at December 31, 2024 and 2023, was $166,976 and $156,692, respectively.

Note payable in the accompanying combined statements of financial position are as follows as of December 31:

	2024	**2023**
Note payable	$ 3,517,994	$ 3,691,996
Less - current portion	173,997	173,997
Less - unamortized financing fees	75,491	85,775
	$ 3,268,506	$ 3,432,224

9. NOTE PAYABLE (Continued)

Future minimum principal payments relating to the note payable for the next five years are as follows:

Year	Principal Payments
2025	$ 173,997
2026	$ 173,997
2027	$ 173,997
2028	$ 173,997
2029	$ 173,997

Amortization of debt issuance costs is expected to be approximately $10,300 for the next five years.

The note is guaranteed by the Center and is secured by a first mortgage on CLBC's building and an assignment of all leases and rents.

This note payable agreement contains various covenants with which the Agency must comply. The Agency was in compliance with these covenants as of December 31, 2024 and 2023.

Total interest expense under this note, excluding amortization of debt issuance costs, was $142,307 and $147,937 for the years ended December 31, 2024 and 2023, respectively.

10. LEASE COMMITMENTS

The Center leases space for its branch office under a lease agreement with monthly payments ranging from $12,485 to $14,297 throughout the term of the lease. The Center is responsible for certain variable costs as defined in the agreement. The lease expires on April 30, 2027.

Operating leases are shown as ROU lease asset - operating and operating lease liability in the accompanying combined statements of financial position. Total operating lease expense totaled approximately $147,000 for each of the years ended December 31, 2024 and 2023, and is included in occupancy in the accompanying combined statements of functional expenses. Variable lease costs for the operating lease totaled approximately $3,000 for the years ended December 31, 2024 and 2023, and is included in occupancy in the accompanying combined statements of functional expenses.

The operating lease liability has been discounted to the net present value using the risk-free discount rate of 1.37% as of December 31, 2024 and 2023.

The maturities of the lease liability as of December 31, 2024, are as follows:

2025	$ 165,485
2026	170,038
2027	57,190
Total future undiscounted lease payments	392,713
Less - present value discount	(5,305)
Present value of lease liability	$ 387,408

As of December 31, 2024 and 2023, there were no material leases that have been executed but not yet commenced.

10. LEASE COMMITMENTS (Continued)

Sublease

A portion of the Center's space is being sublet under an agreement through August 31, 2027. The base annual sublease income under the lease was $221,835 and $216,048 for the years ended December 31, 2024 and 2023, respectively, and is reflected as rental income in the accompanying combined statements of activities and changes in net assets. The tenant is required to pay operating expenses as outlined in the lease agreement.

The scheduled minimum future sublease payments under the lease terms are as follows as of December 31, 2024:

2025	$ 227,622
2026	$ 233,409
2027	$ 158,178

11. LINE OF CREDIT AGREEMENT

The Center has a $500,000 line of credit agreement with a bank. Outstanding borrowings under this agreement bear interest at 7.5% at December 31, 2024 and 2023. Borrowings are secured by all of the Center's assets. This line of credit agreement contains various covenants with which the Center must comply. The Center was in compliance with these covenants at December 31, 2024 and 2023. As of December 31, 2024 and 2023, there were no borrowings on the available line of credit. This agreement is renewable annually, with the next renewal in June 2025.

12. RETIREMENT PLANS

The Center sponsors a defined contribution retirement plan under IRC Section 403(b). All employees who have completed one year of service are eligible to participate in the plan. The Center's Board of Directors, at its discretion, may elect to contribute to the plan annually. The plan does not allow for participant contributions. Employer contributions vest immediately and are allocated to participant's accounts, as defined in the plan.

During the years ended December 31, 2024 and 2023, the Center, with the Board of Directors' approval, contributed $319,166 and $321,863, respectively, to the plan, which is included in payroll taxes and fringe benefits in the accompanying combined statements of functional expenses.

The Center maintains an additional tax deferred annuity plan established under IRC Section 403(b). Under this plan, participants may elect to have amounts withheld from their pay on a "pre-tax" basis, up to the limits allowed by the IRC. Employees may elect to participate in this plan upon employment at the Center. The Center does not contribute to this plan.

13. CONCENTRATIONS

The Agency maintains its cash and cash equivalents in various financial institutions insured within limits of the Federal Deposit Insurance Corporation (FDIC), which insures depositors up to $250,000. Management has instituted a cash sweep product which spreads the cash on a daily basis across multiple banks to the maximum insured $250,000.

14. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Agency's financial assets available within one year from the combined statements of financial position date for general operating expenses are as follows as of December 31:

	2024	2023
Cash and cash equivalents	$ 2,899,245	$ 738,767
Short-term investments	28,430,719	26,512,774
Accounts receivable	111,785	137,231
Current portion of grants and pledges receivable	2,516,639	1,288,066
Total financial assets	33,958,388	28,676,838
Contractual or donor-imposed restrictions:		
Less - Board designated funds, included in above amounts	(10,594,453)	(10,350,490)
Less - donor contributions restricted to specific purposes, included in above amounts	(5,429,385)	(4,368,181)
Financial assets available to meet cash needs for general expenditures within one year	$ 17,934,550	$ 13,958,167

The Agency invests cash in excess of daily requirements in short-term investments. In the event of an unanticipated liquidity need, the Agency also could draw upon $500,000 of an available line of credit (see Note 11). The Agency has two unpredictable and highly variable funding sources - attorney fee awards and cy pres. The Agency manages the uncertainty of these income streams by budgeting operating expenses very carefully and maintaining enough reserves on hand to fund priority work should one or both of these sources dwindle.

15. RECLASSIFICATION

Certain amounts in the 2023 combined financial statements have been reclassified to conform with the 2024 presentation.