



AND CONSUMER LAW BUILDING CORPORATION

Combined Financial Statements

December 31, 2025 and 2024

National Consumer Law Center, Inc. and Consumer Law Building Corporation

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December 31, 2025 and 2024

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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 (collectively, the Agency), which comprise the combined statements of financial position as of December 31, 2025 and 2024, and the related combined statements of activities and changes in net assets, functional expenses, and cash flows 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, 2025 and 2024, 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 Combined 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 Combined 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 the combined financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Combined 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.

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 17, 2026

National Consumer Law Center, Inc. and Consumer Law Building Corporation

Combined Statements of Financial Position

As of December 31, 2025 and 2024

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Current Assets						
Cash and cash equivalents	\$ 3,092,214	\$ -	\$ 3,092,214	\$ 2,899,245	\$ -	\$ 2,899,245
Short-term investments	23,761,512	5,461,261	29,222,773	25,240,351	3,190,368	28,430,719
Accounts receivable	93,904	-	93,904	111,785	-	111,785
Current portion of grants and pledges receivable	244,521	1,035,180	1,279,701	277,622	2,239,017	2,516,639
Prepaid expenses and deposits	326,779	-	326,779	349,265	-	349,265
Total current assets	27,518,930	6,496,441	34,015,371	28,878,268	5,429,385	34,307,653
Investments	22,222,397	-	22,222,397	20,312,188	-	20,312,188
Restricted Cash	359,908	-	359,908	359,872	-	359,872
Grants and Pledges Receivable, net	-	732,275	732,275	-	1,438,709	1,438,709
Right-of-Use Lease Asset - Operating	194,770	-	194,770	337,292	-	337,292
Property, Plant and Equipment, net	7,058,856	-	7,058,856	7,672,940	-	7,672,940
Total assets	\$ 57,354,861	\$ 7,228,716	\$ 64,583,577	\$ 57,560,560	\$ 6,868,094	\$ 64,428,654
Liabilities and Net Assets						
Current Liabilities						
Current portion of note payable	\$ 173,997	\$ -	\$ 173,997	\$ 173,997	\$ -	\$ 173,997
Accounts payable	473,029	-	473,029	945,993	-	945,993
Accrued expenses	832,215	-	832,215	792,236	-	792,236
Current portion of operating lease liability	160,024	-	160,024	157,873	-	157,873
Deferred revenue	945,675	-	945,675	1,024,563	-	1,024,563
Total current liabilities	2,584,940	-	2,584,940	3,094,662	-	3,094,662
Note Payable, net	3,104,787	-	3,104,787	3,268,506	-	3,268,506
Operating Lease Liability, net	66,204	-	66,204	229,535	-	229,535
Total liabilities	5,755,931	-	5,755,931	6,592,703	-	6,592,703
Net Assets						
Program reserves	14,569,741	-	14,569,741	15,697,464	-	15,697,464
Building fund	8,645,348	-	8,645,348	8,303,969	-	8,303,969
Willard P. Ogburn Board - Designated Endowment	13,680,512	-	13,680,512	12,191,650	-	12,191,650
Property, plant and equipment	3,748,612	-	3,748,612	4,180,321	-	4,180,321
Campaign for the Future	10,739,320	150,000	10,889,320	10,379,056	50,000	10,429,056
Program designated	215,397	7,078,716	7,294,113	215,397	6,818,094	7,033,491
Total net assets	51,598,930	7,228,716	58,827,646	50,967,857	6,868,094	57,835,951
Total liabilities and net assets	\$ 57,354,861	\$ 7,228,716	\$ 64,583,577	\$ 57,560,560	\$ 6,868,094	\$ 64,428,654

The accompanying notes are an integral part of these combined financial 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, 2025 and 2024

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue						
Grants, contracts and contributions	\$ 3,466,436	\$ 4,735,659	\$ 8,202,095	\$ 7,773,287	\$ 5,865,353	\$ 13,638,640
Publications and program revenue	4,030,584	-	4,030,584	4,129,230	-	4,129,230
Interest and dividends	1,131,835	-	1,131,835	1,165,922	-	1,165,922
Rental income	227,622	-	227,622	221,835	-	221,835
Donated services	212,572	-	212,572	29,547	-	29,547
Net assets released from restrictions	4,375,037	(4,375,037)	-	4,554,575	(4,554,575)	-
Total support and revenue	<u>13,444,086</u>	<u>360,622</u>	<u>13,804,708</u>	<u>17,874,396</u>	<u>1,310,778</u>	<u>19,185,174</u>
Expenses						
Program services	12,799,764	-	12,799,764	11,699,802	-	11,699,802
General and administrative	2,270,754	-	2,270,754	2,087,366	-	2,087,366
Fundraising	1,100,094	-	1,100,094	1,011,641	-	1,011,641
Total expenses	<u>16,170,612</u>	<u>-</u>	<u>16,170,612</u>	<u>14,798,809</u>	<u>-</u>	<u>14,798,809</u>
Changes in net assets from operations	<u>(2,726,526)</u>	<u>360,622</u>	<u>(2,365,904)</u>	<u>3,075,587</u>	<u>1,310,778</u>	<u>4,386,365</u>
Non-Operating Revenue						
Net gain on investments	2,786,454	-	2,786,454	771,020	-	771,020
Interest and dividends, net - Designated endowment	361,714	-	361,714	419,758	-	419,758
Interest and dividends, net - Building fund	209,431	-	209,431	227,678	-	227,678
Total non-operating revenue	<u>3,357,599</u>	<u>-</u>	<u>3,357,599</u>	<u>1,418,456</u>	<u>-</u>	<u>1,418,456</u>
Changes in net assets	631,073	360,622	991,695	4,494,043	1,310,778	5,804,821
Net assets, beginning of year	<u>50,967,857</u>	<u>6,868,094</u>	<u>57,835,951</u>	<u>46,473,814</u>	<u>5,557,316</u>	<u>52,031,130</u>
Net assets, end of year	<u>\$ 51,598,930</u>	<u>\$ 7,228,716</u>	<u>\$ 58,827,646</u>	<u>\$ 50,967,857</u>	<u>\$ 6,868,094</u>	<u>\$ 57,835,951</u>

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

National Consumer Law Center, Inc. and Consumer Law Building Corporation
 Combined Statement of Functional Expenses
 For the Year Ended December 31, 2025
 (With Summarized Comparative Totals for the Year Ended December 31, 2024)

	2025							2024	
	Program Services				Supporting Services			Total	Total
	Advocacy	Publishing	Litigation and Expert Work	Conferences and Trainings	Total Program Services	General and Adminis- trative	Fundraising		
Personnel and Related Costs									
Advocates	\$ 4,331,401	\$ 702,927	\$ 249,811	\$ 215,727	\$ 5,499,866	\$ 8,742	\$ -	\$ 5,508,608	\$ 5,396,626
Support staff	247,940	1,011,732	13,834	5,580	1,279,086	1,310,052	704,771	3,293,909	2,896,475
Payroll taxes and fringe benefits	1,298,365	486,151	74,750	62,747	1,922,013	373,913	199,821	2,495,747	2,335,436
Consultants - advocates	480,011	30,434	-	18,069	528,514	-	20,199	548,713	472,040
Total personnel and related costs	6,357,717	2,231,244	338,395	302,123	9,229,479	1,692,707	924,791	11,846,977	11,100,577
Other									
Publications and other direct expenses	372,386	275,585	21,317	1,099,478	1,768,766	151,967	84,317	2,005,050	1,674,149
Consultants	273,695	39,380	700	165,711	479,486	164,677	-	644,163	395,920
Depreciation	247,003	312,672	12,089	37,821	609,585	18,437	9,218	637,240	624,513
Occupancy	220,332	12,456	3,114	-	235,902	10,899	4,001	250,802	238,448
Contract services	36,534	9,813	2,283	-	48,630	173,820	7,992	230,442	211,357
Travel	74,952	5,271	6,245	74,827	161,295	51,653	5,722	218,670	193,897
Consumable supplies	19,201	58,891	3,642	38,834	120,568	6,594	64,053	191,215	207,357
Interest	94,934	29,211	4,382	17,526	146,053	-	-	146,053	152,591
Total other	1,339,037	743,279	53,772	1,434,197	3,570,285	578,047	175,303	4,323,635	3,698,232
Total expenses	\$ 7,696,754	\$ 2,974,523	\$ 392,167	\$ 1,736,320	\$ 12,799,764	\$ 2,270,754	\$ 1,100,094	\$ 16,170,612	\$ 14,798,809

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

	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	\$ 4,243,172	\$ 697,989	\$ 231,000	\$ 214,693	\$ 5,386,854	\$ 9,772	\$ -	\$ 5,396,626
Support staff	153,107	817,690	5,859	60,116	1,036,772	1,202,601	657,102	2,896,475
Payroll taxes and fringe benefits	1,238,046	426,833	66,702	77,389	1,808,970	341,418	185,048	2,335,436
Consultants - advocates	407,444	23,340	-	16,825	447,609	5,750	18,681	472,040
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
Other								
Publications and other direct expenses	248,618	244,805	19,986	858,673	1,372,082	231,509	70,558	1,674,149
Consultants	176,275	14,925	383	151,635	343,218	52,702	-	395,920
Depreciation	244,786	301,973	11,917	37,285	595,961	19,467	9,085	624,513
Occupancy	194,319	12,035	2,674	-	209,028	20,059	9,361	238,448
Contract services	29,924	10,088	1,814	-	41,826	163,183	6,348	211,357
Travel	69,194	357	5,563	83,555	158,669	33,422	1,806	193,897
Consumable supplies	44,723	71,747	4,126	25,626	146,222	7,483	53,652	207,357
Interest	99,184	30,518	4,578	18,311	152,591	-	-	152,591
Total other	1,107,023	686,448	51,041	1,175,085	3,019,597	527,825	150,810	3,698,232
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

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

National Consumer Law Center, Inc. and Consumer Law Building Corporation

Combined Statements of Cash Flows

For the years ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Cash Flows from Operating Activities		
Changes in net assets	\$ 991,695	\$ 5,804,821
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities		
Depreciation	637,240	624,513
Amortization of debt issuance costs charged as interest expense	10,272	10,284
Change in discount on pledges receivable	(69,194)	2,204
Non-cash lease expense	146,827	146,827
Interest and dividends, net - long-term designated net assets	(571,145)	(647,436)
Net gains on investments	(2,786,454)	(771,020)
Changes in operating assets and liabilities		
Accounts receivable	17,881	25,446
Grants and pledges receivable	2,012,566	(1,480,351)
Prepaid expenses and deposits	22,486	(67,627)
Accounts payable	(472,964)	531,495
Accrued expenses	39,979	50,169
Operating lease liability	(165,485)	(161,054)
Deferred revenue	(78,888)	48,373
Net cash provided by (used in) operating activities	<u>(265,184)</u>	<u>4,116,644</u>
Cash Flows from Investing Activities		
Acquisition of property, plant and equipment	(23,156)	(133,292)
Interest and dividends, net - long-term designated net assets	571,145	647,436
Purchase of investments	(22,819,258)	(9,195,888)
Proceeds from sale of investments	22,903,449	6,908,336
Net cash provided by (used in) investing activities	<u>632,180</u>	<u>(1,773,408)</u>
Cash Flows from Financing Activities		
Principle payments on notes payable	(173,991)	(174,002)
Net change in cash, cash equivalents and restricted cash	193,005	2,169,234
Cash, Cash Equivalents and Restricted Cash		
Beginning of year	<u>3,259,117</u>	<u>1,089,883</u>
End of year	<u>\$ 3,452,122</u>	<u>\$ 3,259,117</u>

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

National Consumer Law Center, Inc. and Consumer Law Building Corporation

Combined Statements of Cash Flows

For the years ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Reconciliation of Cash, Cash Equivalents and Restricted Cash Reported Within the Combined Statements of Financial Position		
Cash and cash equivalents	\$ 3,092,214	\$ 2,899,245
Restricted cash	359,908	359,872
	<hr/>	<hr/>
Total cash, cash equivalents and restricted cash shown in the combined statements of cash flows	\$ 3,452,122	\$ 3,259,117
	<hr/> <hr/>	<hr/> <hr/>
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	\$ 135,775	\$ 142,307
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The accompanying notes are an integral part of these combined financial statements.

National Consumer Law Center, Inc. and Consumer Law Building Corporation

Notes to Combined Financial Statements

December 31, 2025 and 2024

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

Basis of Accounting

The Agency prepares its combined financial statements in accordance with generally accepted accounting 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.

National Consumer Law Center, Inc. and Consumer Law Building Corporation

Notes to Combined Financial Statements

December 31, 2025 and 2024

2. Significant Accounting Policies (Continued)

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, 2025 and 2024.

Property, Plant and Equipment

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:

	<u>Estimated Useful Lives</u>
Building and improvements	25 - 40 years
Electronic subscription platform	5 years
Equipment	3 - 7 years
Leasehold improvements	Life of the lease

Impairment

The Agency accounts for the carrying value of its property, plant, and equipment in accordance with ASC Topic, *Property, Plant and Equipment*. There was no impairment loss recognized in 2025 or 2024.

Leases

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.

National Consumer Law Center, Inc. and Consumer Law Building Corporation

Notes to Combined Financial Statements

December 31, 2025 and 2024

2. Significant Accounting Policies (Continued)

Leases (Continued)

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.

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.

National Consumer Law Center, Inc. and Consumer Law Building Corporation

Notes to Combined Financial Statements

December 31, 2025 and 2024

2. Significant Accounting Policies (Continued)

Net Assets (Continued)

- **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.

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:

	<u>2025</u>	<u>2024</u>
Program designated - Cy Pres	\$ 4,971,739	\$ 3,746,230
Program designated - general	2,106,977	3,071,864
Campaign for the Future restricted	150,000	50,000
Total	<u>\$ 7,228,716</u>	<u>\$ 6,868,094</u>

National Consumer Law Center, Inc. and Consumer Law Building Corporation

Notes to Combined Financial Statements

December 31, 2025 and 2024

2. Significant Accounting Policies (Continued)

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.

During 2025 and 2024, the Center expended \$486,271 and \$434,034, 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, 2025 and 2024, 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.

National Consumer Law Center, Inc. and Consumer Law Building Corporation

Notes to Combined Financial Statements

December 31, 2025 and 2024

2. Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

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 years ended December 31:

	<u>2025</u>	<u>2024</u>
Publications	\$ 2,260,672	\$ 2,396,224
Conference	1,428,291	1,233,795
Attorney fees	289,263	460,346
Advice and honorarium	<u>52,358</u>	<u>38,865</u>
Total	<u>\$ 4,030,584</u>	<u>\$ 4,129,230</u>

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.

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, 2024, were \$137,231 and \$976,190, respectively.

National Consumer Law Center, Inc. and Consumer Law Building Corporation

Notes to Combined Financial Statements

December 31, 2025 and 2024

2. Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Exchange Transactions (Continued)

All other revenue is recognized when earned.

Donated Goods and 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 \$212,572 and \$29,547 for the years ended December 31, 2025 and 2024, respectively, and are included in consultants - advocates and consultants 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, 2025 and 2024, 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.

National Consumer Law Center, Inc. and Consumer Law Building Corporation

Notes to Combined Financial Statements

December 31, 2025 and 2024

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 revenues 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. All qualifying assets and liabilities are valued using Level 1 inputs.

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

National Consumer Law Center, Inc. and Consumer Law Building Corporation

Notes to Combined Financial Statements

December 31, 2025 and 2024

2. Significant Accounting Policies (Continued)

Fair Value Measurements (Continued)

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.

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, 2025 and 2024, 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, 2025 and 2024. The Agency's information returns are subject to examination by the Federal and state jurisdictions.

Subsequent Events

Subsequent events have been evaluated through April 17, 2026, 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.

Reclassifications

Certain amounts in the prior year's combined financial statements have been reclassified to conform to the current year's period presentation. These reclassifications had no effect on the change in net assets.

National Consumer Law Center, Inc. and Consumer Law Building Corporation

Notes to Combined Financial Statements

December 31, 2025 and 2024

3. Related Party Transactions

The Center leases its Boston office space from CLBC. Rent expense for the Center under this agreement totaled approximately \$310,000 and \$316,000 for the years ended December 31, 2025 and 2024, respectively. From time-to-time, certain transactions are paid or collected on behalf of one another. At December 31, 2025 and 2024, the Center owed \$42,996 and \$55,591, respectively, for rent and operating expenses to CLBC. 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. 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 :

	<u>2025</u>	<u>2024</u>
Building and improvements	\$ 11,358,739	\$ 11,339,195
Electronic subscription platform	1,205,888	1,167,643
Equipment	430,075	472,648
Leasehold improvements	139,570	228,195
	<u>13,134,272</u>	<u>13,207,681</u>
Less - accumulated depreciation	6,075,416	5,534,741
	<u>\$ 7,058,856</u>	<u>\$ 7,672,940</u>

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, 2025 and 2024.

National Consumer Law Center, Inc. and Consumer Law Building Corporation

Notes to Combined Financial Statements

December 31, 2025 and 2024

6. Grants and Pledges Receivable

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

Description	2025	2024
Due within one year	\$ 1,279,701	\$ 2,516,639
Due in one to five years	757,758	1,533,386
	<u>2,037,459</u>	<u>4,050,025</u>
Less - discount	25,483	94,677
Less - current portion	<u>1,279,701</u>	<u>2,516,639</u>
Total	<u><u>\$ 732,275</u></u>	<u><u>\$ 1,438,709</u></u>

Grants and pledges receivable due in greater than one year are recorded net of a discount of 3.48% and 4.27% as of December 31, 2025 and 2024, respectively.

A total of 81% and 59% of grants and pledges receivable were due from two donors at December 31, 2025 and 2024, respectively.

7. Investments

The following table presents the Agency's investments by level within the fair value framework as of December 31, 2025:

Investment Type	Level 1	Level 2	Total
Money market funds	\$ 5,251,248	\$ -	\$ 5,251,248
Fixed income:			
Corporate bonds	18,161,301	-	18,161,301
Government bonds	11,162,651	-	11,162,651
Equities:			
Domestic large cap	8,175,076	-	8,175,076
Other	8,244,210	-	8,244,210
Managed futures	<u>-</u>	<u>450,684</u>	<u>450,684</u>
Total	<u><u>\$ 50,994,486</u></u>	<u><u>\$ 450,684</u></u>	<u><u>\$ 51,445,170</u></u>

National Consumer Law Center, Inc. and Consumer Law Building Corporation

Notes to Combined Financial Statements

December 31, 2025 and 2024

7. Investments (Continued)

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

Investment Type	Level 1	Level 2	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

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, 2025 and 2024. 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.

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.

National Consumer Law Center, Inc. and Consumer Law Building Corporation

Notes to Combined Financial Statements

December 31, 2025 and 2024

8. Endowment (Continued)

Changes in endowment net assets are as follows for the years ended December 31, 2025 and 2024:

	Without Donor Restrictions	
	2025	2024
	<u> </u>	<u> </u>
Endowment net assets, beginning of year	<u>\$ 12,191,650</u>	<u>\$ 11,371,999</u>
Investment return:		
Investment income	405,698	461,061
Net realized gain	1,447	362,064
Net unrealized gain	910,709	10,108
Investment management fees	<u>(43,984)</u>	<u>(41,303)</u>
Total investment return	<u>1,273,870</u>	<u>791,930</u>
Redemptions	<u>214,992</u>	<u>27,721</u>
Endowment net assets, end of year	<u><u>\$ 13,680,512</u></u>	<u><u>\$ 12,191,650</u></u>

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 \$3,344,003 and \$3,517,994 at December 31, 2025 and 2024, respectively. The financing fees of \$242,467 are amortizing over the life of the note at approximately \$10,300 per year. The accumulated amortization of financing fees at December 31, 2025 and 2024, was \$177,248 and \$166,976, respectively.

National Consumer Law Center, Inc. and Consumer Law Building Corporation

Notes to Combined Financial Statements

December 31, 2025 and 2024

9. Note Payable (Continued)

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

	<u>2025</u>	<u>2024</u>
Note payable	\$ 3,344,003	\$ 3,517,994
Less - current portion	173,997	173,997
Less - unamortized financing fees	65,219	75,491
	<u>\$ 3,104,787</u>	<u>\$ 3,268,506</u>

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

Year	<u>Principal Payments</u>
2026	\$ 173,997
2027	\$ 173,997
2028	\$ 173,997
2029	\$ 173,997
2030	\$ 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, 2025 and 2024.

Total interest expense under this note, excluding amortization of debt issuance costs, was \$135,775 and \$142,307 for the years ended December 31, 2025 and 2024, respectively.

10. Leases 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.

National Consumer Law Center, Inc. and Consumer Law Building Corporation

Notes to Combined Financial Statements

December 31, 2025 and 2024

10. Leases Commitments (Continued)

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, 2025 and 2024, respectively, and is included in occupancy in the accompanying combined statements of functional expenses. Variable lease costs for the operating lease totaled approximately \$6,000 and \$3,000 for the years ended December 31, 2025 and 2024, 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, 2025 and 2024.

The cash payments of the lease liability as of December 31, 2025, are as follows:

2026	\$ 170,038
2027	<u>57,190</u>
Total future undiscounted lease payments	227,228
Less - present value discount	<u>(999)</u>
Present value of lease liability	<u><u>\$ 226,229</u></u>

As of December 31, 2025 and 2024, there were no material leases that have been executed but not yet commenced.

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 \$227,622 and \$221,835 for the years ended December 31, 2025 and 2024, 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, 2025:

2026	\$ 233,409
2027	\$ 158,178

National Consumer Law Center, Inc. and Consumer Law Building Corporation

Notes to Combined Financial Statements

December 31, 2025 and 2024

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 7.25% and 7.5% at December 31, 2025 and 2024, respectively. 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, 2025 and 2024. As of December 31, 2025 and 2024, there were no borrowings on the available line of credit. This agreement is renewable annually, with the next renewal in June 2026.

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, 2025 and 2024, the Center, with the Board of Directors' approval, contributed \$373,555 and \$319,166 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.

