

PUBLIC LAW CENTER
Financial Statements
Year Ended December 31, 2023
(With Independent Auditor's Report Thereon)

PUBLIC LAW CENTER
Financial Statements
Year Ended December 31, 2023

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Independent Auditor's Report

Board of Directors
Public Law Center
Santa Ana, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Public Law Center (a nonprofit "Organization"), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Public Law Center as of December 31, 2023 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Public Law Center and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in

accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Public Law Center's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Public Law Center's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the Public Law Center's December 31, 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 19, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.



June 10, 2024
Irvine, California

PUBLIC LAW CENTER
Statement of Financial Position
December 31, 2023
(with comparative information as of December 31, 2022)

	2023	2022
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents (note 2)	\$ 3,188,664	4,052,190
Investments (note 3)	370,219	-
Contributions receivable	157,544	209,660
Grants receivable (note 6)	494,464	209,049
Prepaid expenses	69,005	65,737
Other assets	50,204	20,000
Total current assets	4,330,100	4,556,636
Right-to-use assets, net (note 10)	1,289,868	8,986
Property and equipment, net (note 7)	757,104	595,563
Total assets	\$ 6,377,072	5,161,185
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable and accrued liabilities (note 2)	\$ 440,654	308,375
Deposits payable	1,611	1,611
Deferred revenue	-	323,138
Current portion of note payable (note 9)	10,242	10,342
Current portion of lease payable (note 10)	53,156	9,145
Total current liabilities	505,663	652,611
Non-current liabilities:		
Note payable (note 9)	122,831	133,650
Lease payable (note 10)	1,086,121	-
Total liabilities	1,714,615	786,261
Net assets:		
Without donor restrictions	4,029,593	2,993,704
With donor restrictions (note 5)	632,864	1,381,220
Total net assets	4,662,457	4,374,924
Total liabilities and net assets	\$ 6,377,072	5,161,185

See accompanying notes to the financial statements

PUBLIC LAW CENTER
Statement of Activities
Year Ended December 31, 2023
(with comparative information as of December 31, 2022)

	Without Donor	With Donor	Totals	
	Restrictions	Restrictions	2023	2022
Support and revenues:				
Contributions:				
Contributed services (note 2)	\$ 11,559,981	-	11,559,981	7,795,790
Other contributions	2,318,079	1,876,903	4,194,982	3,235,607
Total contributions	<u>13,878,060</u>	<u>1,876,903</u>	<u>15,754,963</u>	<u>11,031,397</u>
Grant income (note 4)	2,200,098	-	2,200,098	2,177,586
Special events, net (note 13)	619,183	-	619,183	588,379
Interest	117,133	-	117,133	19,612
Unrealized gain on investments	46,622	-	46,622	-
Miscellaneous	175,945	-	175,945	73,639
COVID programs	226,714	-	226,714	679,671
Net assets released from restrictions	2,625,259	(2,625,259)	-	-
Total support and revenues	<u>19,889,014</u>	<u>(748,356)</u>	<u>19,140,658</u>	<u>14,570,284</u>
Expenses:				
Program services	17,284,262	-	17,284,262	11,215,540
Supporting services:				
Management and general	1,200,430	-	1,200,430	2,036,849
Fundraising	368,433	-	368,433	249,543
Total supporting services	<u>1,568,863</u>	<u>-</u>	<u>1,568,863</u>	<u>2,286,392</u>
Total expenses	<u>18,853,125</u>	<u>-</u>	<u>18,853,125</u>	<u>13,501,932</u>
Increase (decrease) in net assets	1,035,889	(748,356)	287,533	1,068,352
Net assets at beginning of year	<u>2,993,704</u>	<u>1,381,220</u>	<u>4,374,924</u>	<u>3,306,572</u>
Net assets at end of year	<u>\$ 4,029,593</u>	<u>632,864</u>	<u>4,662,457</u>	<u>4,374,924</u>

See accompanying notes to the financial statements

PUBLIC LAW CENTER
Statement of Functional Expenses
Year Ended December 31, 2023
(with comparative information as of December 31, 2022)

	Program Services	Supporting Services			Totals	
		Management and Operations	Fund - Raising	Supporting Services Total	2023	2022
Salaries and wages:						
Lawyers	\$ 2,809,418	203,483	14,676	218,159	3,027,577	2,467,137
Paralegals	1,013,546	-	3,349	3,349	1,016,895	791,640
Non-lawyers	143,554	483,365	175,188	658,553	802,107	547,773
Contributed services:						
Lawyers	9,611,992	40,250	-	40,250	9,652,242	6,647,563
Paralegals	1,905,381	-	-	-	1,905,381	1,129,263
Non-lawyers	2,358	-	-	-	2,358	18,964
Payroll taxes	301,616	52,228	14,692	66,920	368,536	283,949
Fringe benefits	536,923	92,974	26,154	119,128	656,051	481,953
Contracted services	324,074	201,836	86,000	287,836	611,910	491,030
Office supplies and maintenance	92,370	15,995	4,499	20,494	112,864	118,571
Dues and subscriptions	26,163	3,211	2,500	5,711	31,874	36,060
Seminars and training	33,979	3,957	-	3,957	37,936	25,597
Other	3,000	37,823	-	37,823	40,823	44,443
Insurance	34,657	6,001	1,688	7,689	42,346	36,702
Equipment maintenance	114,759	19,872	5,590	25,462	140,221	106,259
Utilities	29,630	5,131	1,443	6,574	36,204	26,962
Telephone	37,347	6,468	1,819	8,287	45,634	64,945
Fundraising	-	-	23,003	23,003	23,003	5,715
Litigation	30,814	-	-	-	30,814	36,762
Interest expense	14,692	2,544	716	3,260	17,952	7,225
Lease expense	18,361	3,187	898	4,085	22,446	-
Library	71,972	-	-	-	71,972	61,877
Total expenses before depreciation and amortization	17,156,606	1,178,325	362,215	1,540,540	18,697,146	13,430,390
Depreciation/amortization	127,656	22,105	6,218	28,323	155,979	71,542
Total expenses	<u>\$ 17,284,262</u>	<u>1,200,430</u>	<u>368,433</u>	<u>1,568,863</u>	<u>18,853,125</u>	<u>13,501,932</u>

See accompanying notes to the financial statements

PUBLIC LAW CENTER
Statement of Cash Flows
Year Ended December 31, 2023
(with comparative information as of December 31, 2022)

	2023	2022
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ 287,533	1,068,352
Adjustments to reconcile increase (decrease) in net assets to cash provided by (used for) operating activities:		
Depreciation expense	60,409	60,766
Loss on disposal of furniture and equipment	18,578	-
New right to use assets - operating leases	(1,376,453)	-
Reduction in the carrying amount of right-to-use assets - operating leases	95,571	10,776
Unrealized (gain) loss on investments	(46,622)	-
Forgiveness of PPP loan	-	(679,671)
(Increase) decrease in contributions receivable	52,116	89,545
(Increase) decrease in grants receivable	(285,415)	14,537
(Increase) decrease in prepaid expenses	(3,268)	(2,031)
(Increase) decrease in other assets	(30,204)	5,000
Increase (decrease) in accounts payable and accrued liabilities	132,279	(2,515)
Increase (decrease) in deposits payable	-	(184,620)
Increase (decrease) in deferred revenue	(323,138)	192,964
Increase (decrease) in leases payable	1,130,133	(10,617)
Total adjustments	(576,014)	(505,866)
Net cash provided by (used for) operating activities	(288,481)	562,486
Cash flows from investing activities:		
Purchases of investments	(323,597)	-
Acquisition of property and equipment	(240,529)	(93,909)
Net cash provided by (used for) investing activities	(564,126)	(93,909)
Cash flows from financing activities:		
Payment on note payable	(10,919)	(9,890)
Net cash provided by (used for) financing activities	(10,919)	(9,890)
Net increase (decrease) in cash and cash equivalents	(863,526)	458,687
Cash and cash equivalents at beginning of year	4,052,190	3,593,503
Cash and cash equivalents at end of year	\$ 3,188,664	4,052,190
Noncash investing and financing activities		
Forgiveness of PPP loan	\$ -	679,671
<u>Supplemental Disclosure of Cash Flow Information</u>		
Cash paid during the year for:		
Interest	\$ 17,952	7,225

See accompanying notes to the financial statements

PUBLIC LAW CENTER

Notes to Financial Statements

Year ended December 31, 2023

(1) Organization

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

(2) Summary of Significant Accounting Policies

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

Cash and Cash Equivalents – For purposes of the Statement of Cash Flows, the Center considers all unrestricted highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents. The following items on the Statement of Financial Position were considered cash and cash equivalents for purposes of the Statement of Cash Flows as of December 31, 2023:

Demand deposits	\$ 1,507,632
Money market accounts	783,347
Money market funds	35,592
Treasury bills	<u>862,093</u>
Total	<u>\$ 3,188,664</u>

Demand deposit and money market accounts may, at times, exceed federally insured limits. As of December 31, 2023, the Center had \$1,967,856 in excess of Federal Deposit Insurance Corporation (FDIC) insured limits. The Center has not experienced any losses in such accounts.

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

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

PUBLIC LAW CENTER

Notes to Financial Statements

Year ended December 31, 2023

(2) Summary of Significant Accounting Policies (Continued)

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

Net Assets Without Donor Restrictions

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

Net Assets With Donor Restrictions

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

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

Contributions and Contributed Services – Cash contributions, pledges and interest income are recognized in the period received or earned. Contributed materials and other noncash contributions are reflected in the accompanying statements at their estimated market values at date of receipt. Contributed services are recognized if the services received: (1) create or enhance nonfinancial assets or require specialized skills; (2) are provided by individuals possessing those skills; and (3) would typically need to be purchased if not provided by contribution. During the year ended December 31, 2023, the Center had 20,684 volunteer attorneys, law clerk and paralegal hours that have been included in the Statement of Activities in an amount aggregating \$11,559,981. Other volunteer services that do not meet these criteria are not recognized in the financial statements as there is no objective basis for deriving their value.

PUBLIC LAW CENTER

Notes to Financial Statements

Year ended December 31, 2023

(2) Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

PUBLIC LAW CENTER

Notes to Financial Statements

Year ended December 31, 2023

(2) Summary of Significant Accounting Policies (Continued)

The Center's federal Return of Organization Exempt from Income Tax (Form 990) for the fiscal years ended 2020, 2021 and 2022 are subject to IRS examination, generally for four years after filing. As of the date of this report, the Center's 2023 return had not yet been filed.

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

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

(3) Cash and Investments

Cash and investments held by the Institute consist of the following at December 31, 2023:

Cash and cash equivalents	\$ 3,188,664
Investments	<u>370,219</u>
Total Cash and Investments	<u>\$ 3,558,883</u>

The following table sets forth by level, within the fair value hierarchy, the Center's investments at fair value as of December 31, 2023.

<u>Investment Type</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Stock	24,701	-	-
Certificate of Deposit	-	345,518	-
US Treasury Securities	-	862,093	-
Money market mutual funds	<u>35,592</u>	<u>-</u>	<u>-</u>
Total	<u>60,293</u>	<u>1,207,611</u>	<u>-</u>

PUBLIC LAW CENTER

Notes to Financial Statements

Year ended December 31, 2023

(4) Grant Income

The Center received grants and contributions from private sources, such as law firms and charitable organizations, and from public sources to provide general legal assistance to indigent clients, including undocumented immigrants. Grant income earned during the years ended December 31, 2023 is as follows:

California Department of Social Services	\$ 423,090
Weingart Foundation	200,000
Cal OES	191,245
Immigrant Legal Resource Center	171,816
California Access to Justice Commission	150,000
IRS - Low Income Tax Clinic Program	131,200
Mission Hospital	120,000
Program for Torture Victims	112,065
County of Orange	100,449
Hoag	100,000
City of Irvine	90,000
HHS-ACL	65,826
US Department of Veterans Affairs	62,500
Haitian Bridge Alliance	15,000
The California Endowment	50,000
Radiant Futures	40,000
City of Santa Ana (CDBG/SAVES)	30,225
Community Legal Aid SoCal	25,860
Equal Justice Works	23,666
California Community Foundation	20,000
Orange County Community Foundation	20,000
UC Hasting College of The Law	17,990
Impact Fund	15,000
American College of Bankruptcy	12,500
Institute for Healthcare Advancement	9,978
Community Service Programs (Waymakers)	1,440
State of California	248
Total Grant Income	<u>\$ 2,200,098</u>

PUBLIC LAW CENTER
Notes to Financial Statements
Year ended December 31, 2023

(5) Net Assets With Donor Restrictions

Net assets with donor restrictions consisted of the following as of December 31, 2023:

Purpose restrictions, available for spending:	
California Access to Justice Commission	
Eviction Tsunami	\$ 25,000
California Community Foundation (Kaiser)	75,000
Hoag 2024	<u>100,000</u>
Total purpose restricted net assets	<u>200,000</u>
Time restrictions:	
Contributions receivable	50,000
State Bar EAF	174,896
State Bar IOLTA	<u>207,968</u>
Total time restricted net assets	<u>432,864</u>
Total net assets with donor restrictions	<u><u>\$ 632,864</u></u>

(6) Grants Receivable

Receivables from grant awards consisted of the following at December 31, 2023:

Internal Revenue Services	\$ 131,200
California Department of Social Services	117,408
Cal OES	68,418
US Department of Veterans Affairs	62,500
Program for Torture Victims	39,099
County of Orange	22,145
City of Santa Ana (CDBG/SAVES)	19,848
Equal Justice Works	18,846
Haitian Bridge Alliance	<u>15,000</u>
Total Grants Receivable	<u><u>\$ 494,464</u></u>

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Notes to Financial Statements

Year ended December 31, 2023

(7) Property and Equipment

Property and equipment on December 31, 2023, are summarized as follow:

Land	\$ 263,640
Buildings	383,310
Software	92,400
Furniture and equipment	171,103
Construction in progress	<u>182,125</u>
Total fixed assets	1,092,578
Less: Accumulated depreciation	<u>(335,474)</u>
Total fixed assets, net	<u>\$ 757,104</u>

Depreciation expense was \$60,409 for the year ended December 31, 2023.

(8) Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2023 are as follows

Financial assets:	
Cash and cash equivalents	\$ 3,188,664
Investments	370,219
Contributions receivable	157,544
Grants receivable	<u>494,464</u>
Total financial assets	4,210,891
Less financial assets held to meet donor-imposed restrictions:	
Purpose and time-restricted net assets	<u>(632,864)</u>
Amount available for general expenditures within one year	<u>\$ 3,578,027</u>

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

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Notes to Financial Statements

Year ended December 31, 2023

(9) Note Payable

On December 31, 2003, the Center entered into an agreement with the Orange County Bar Association ("OCBA") to purchase the building and land where the Center is currently located. OCBA loaned the Center a 30-year non-interest bearing principal sum of \$500,000 due December 31, 2033. If the Center fails to pay any portion of the unpaid balance of principal when due, the balance will bear interest at a rate of 5%. Installments of \$1,389 are due on the 1st day of each month. The present value of this loan was calculated to be \$274,111 based on an interest rate of 4.5%. The difference of \$225,889 was accounted for as a contribution to the Center at December 31, 2003. As of December 31, 2023, the outstanding balance was \$133,073.

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

The annual requirements to amortize the note of the Center as of December 31, 2023 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 10,242	5,849	16,091
2025	11,315	5,352	16,667
2026	11,834	4,832	16,666
2027	12,378	4,289	16,667
2028	12,947	3,720	16,667
Thereafter	<u>74,357</u>	<u>9,112</u>	<u>83,469</u>
Note Payable	<u>\$ 133,073</u>	<u>33,154</u>	<u>166,227</u>

(10) Leases

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

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Notes to Financial Statements

Year ended December 31, 2023

(10) Leases (Continued)

The Center recorded the following related to right to use assets, net and leases payable as of December 31, 2023:

	Right-to-use <u>assets, net</u>	<u>Lease payable</u>
Copier	\$ 48,427	48,503
Office Space	<u>1,241,441</u>	<u>1,090,774</u>
Total	<u>\$ 1,289,868</u>	<u>1,139,277</u>

The future minimum lease payments under noncancelable leases with terms greater than one year are listed below as of December 31, 2023:

Year ending December 31	
2024	\$ 103,284
2025	290,964
2026	299,244
2027	307,524
2028	<u>287,859</u>
Total lease payments	1,288,875
Less: Interest	<u>(149,598)</u>
Present value of leases payable	<u>\$ 1,139,277</u>

Amortization expense was \$95,571 for the year ended December 31, 2023.

(11) Commitments and Contingencies

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

Wells Fargo Bank extended a \$100,000 business line of credit to Public Law Center which may be drawn on at the discretion of the Center. As of December 31, 2023, the Center had not utilized this financial instrument and there was no amount outstanding.

The Center filed for the Employee Retention Credit (ERC) and received the credit for the fourth quarter of 2020 in fiscal year 2023. Laws and regulations concerning government programs, including the ERC, established by the Coronavirus Aid, Relief, and Economic Securities (CARES) Act, are complex and subject to varying interpretations. Claims made under the CARES Act may also be subject to retroactive audit and review. There can be no assurance that regulatory authorities will not challenge the Center's claim to the ERC, and it is not possible to determine the impact if any this would have upon the Center.

PUBLIC LAW CENTER

Notes to Financial Statements

Year ended December 31, 2023

(12) Retirement Plans

In February 2008, the Public Law Center created a 403(b) salary deferral plan whereby employees may contribute up to \$20,500, as allowed under Internal Revenue Service regulations. The plan features an employer match of 3% for employees with six months to three years of tenure and 4% for those who have worked over three years of tenure. During the year ended December 31, 2023, the Public Law Center contributed \$91,752 to various employee retirement accounts.

(13) Special Events

	<u>Volunteers for Justice Dinner</u>	<u>Other</u>	<u>Total</u>
Special event revenue	\$ 717,488	51,481	768,969
Less direct expenses	<u>(125,150)</u>	<u>(24,636)</u>	<u>(149,786)</u>
Net support from special event	<u>\$ 592,338</u>	<u>26,845</u>	<u>619,183</u>

(14) Related Party Transactions

The Center provides sub-grant funding to the Kennedy Commission to provide technical assistance related to affordable housing advocacy. A member of the Board is an Executive Director at the Kennedy Commission. The total related party transactions for the fiscal year ending December 31, 2023, were \$65,000.

(17) Subsequent Events

Subsequent events have been evaluated by management through June 10, 2024, which is the date the financial statements were available to be issued.