Report of Independent Auditors
and Consolidated Financial Statements

The Bar Association of San Francisco and Affiliate

December 31, 2024 and 2023

MOSSADAMS

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Report of Independent Auditors

The Board of Directors
The Bar Association of San Francisco and Affiliate

Report on the Financial Statements

Opinion

We have audited the consolidated financial statements of The Bar Association of San Francisco and Affiliate (collectively the Bar Association), which comprise the consolidated statements of financial position as of December 31, 2024 and 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of The Bar Association of San Francisco and Affiliate 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 Bar Association 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 consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Bar Association’s ability to continue as a going concern within one year after the date that the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated 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 Bar Association'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Bar Association'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.

Moss Adams LLP

San Francisco, California
April 18, 2025

Consolidated Financial Statements

The Bar Association of San Francisco and Affiliate
Consolidated Statements of Financial Position
December 31, 2024 and 2023

	2024	2023
ASSETS		
Cash and cash equivalents	$ 2,529,410	$ 1,718,754
Restricted cash	67,846	64,320
Accounts receivable, net	1,444,666	1,379,091
Pledges receivable, net	17,667	354,792
Grants receivable	1,951,886	1,859,043
Prepaid expenses	332,579	451,787
Investments	12,038,586	10,733,393
Operating lease, right of use asset	6,477,325	295,956
Fixed assets, net	2,600,472	2,740,078
Total assets	$ 27,460,437	$ 19,597,214
LIABILITIES AND NET ASSETS		
LIABILITIES		
Lines of credit	$ 1,055,057	$ 974,484
Note payable	922,836	985,989
Accounts payable	234,295	299,750
Accrued liabilities	1,284,188	1,163,034
Funds held in trust	67,846	64,320
Operating lease liability	6,576,436	306,463
Deferred revenue	1,278,603	1,747,260
Total liabilities	11,419,261	5,541,300
NET ASSETS		
Without donor restrictions		
Undesignated	4,811,380	6,487,097
Designated	7,562,443	5,356,297
Total without donor restrictions	12,373,823	11,843,394
With donor restrictions		
Program services	2,365,346	975,910
Endowment	1,302,007	1,236,610
Total with donor restrictions	3,667,353	2,212,520
Total net assets	16,041,176	14,055,914
Total liabilities and net assets	$ 27,460,437	$ 19,597,214

See accompanying notes.

The Bar Association of San Francisco and Affiliate
Consolidated Statements of Activities
Years Ended December 31, 2024 and 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT						
Membership dues						
General bar	$ 1,567,773	$ -	$ 1,567,773	$ 1,558,681	$ -	$ 1,558,681
Sections	138,071	-	138,071	140,707	-	140,707
Lawyer referral services	37,548	-	37,548	40,047	-	40,047
Subtotal membership dues	1,743,392	-	1,743,392	1,739,435	-	1,739,435
Referral and other fees	4,635,918	-	4,635,918	4,773,541	-	4,773,541
Contracts and government grants	6,198,093	-	6,198,093	5,149,128	-	5,149,128
Charitable contributions and grants	530,594	1,798,770	2,329,364	1,892,259	1,268,361	3,160,620
Continuing education, events, and conferences	816,688	-	816,688	847,618	-	847,618
Advertising	81,172	-	81,172	117,445	-	117,445
Cooperative Restraining Order Clinic	1,398,134	-	1,398,134	1,192,861	-	1,192,861
Special events	409,440	-	409,440	450,700	-	450,700
Investment income (losses), net	755,464	90,397	845,861	957,443	41,489	998,932
Royalties and other income	727,022	-	727,022	188,365	-	188,365
Net assets released from restriction	434,334	(434,334)	-	499,449	(499,449)	-
Total revenues, gains, and other support	17,730,251	1,454,833	19,185,084	17,808,244	810,401	18,618,645
EXPENSES						
Program services						
JDC program services	7,657,877	-	7,657,877	6,812,619	-	6,812,619
BASF program services	5,232,657	-	5,232,657	5,243,278	-	5,243,278
Management and general	3,795,626	-	3,795,626	3,345,084	-	3,345,084
Fundraising	513,662	-	513,662	489,397	-	489,397
Total expenses	17,199,822	-	17,199,822	15,890,378	-	15,890,378
CHANGE IN NET ASSETS	530,429	1,454,833	1,985,262	1,917,866	810,401	2,728,267
NET ASSETS, at beginning of year	11,843,394	2,212,520	14,055,914	9,925,528	1,402,119	11,327,647
NET ASSETS, at end of year	$ 12,373,823	$ 3,667,353	$ 16,041,176	$ 11,843,394	$ 2,212,520	$ 14,055,914

See accompanying notes.

The Bar Association of San Francisco and Affiliate
Consolidated Statements of Functional Expenses
Years Ended December 31, 2024 and 2023

2024

	Program Services												Supporting Services					
	JDC Program Services					BASF Program Services												
	PBLS/HAP Legal Services	Immigration Program	Diversity Educational Programs	Cooperative Restraining Order Clinic	JDC Program Services Subtotal	Membership	Publications	Alternate Dispute Resolution	Continuing Legal Education	Lawyer Referral Service	Program Services Subtotal	Total Program Services	JDC Management and General	BASF Management and General	Total Management and General	JDC Fundraising	Total Supporting Services	Total
Personnel	$ 4,299,907	$ 773,548	$ 92,923	$ 790,057	$ 5,956,435	$ 214,817	$ -	$ 874,610	$ 571,780	$ 2,162,007	$ 3,823,214	$ 9,779,649	$ 832,809	$ 1,970,624	$ 2,803,433	$ 293,775	$ 3,097,208	$ 12,876,857
Subcontractor	285,509	2,212	-	253,277	540,998	-	-	301,503	39,417	19,642	360,562	901,560	-	13,077	13,077	4,089	17,166	918,726
Rent and occupancy	258,867	53,303	12,128	54,341	378,639	-	-	89,370	38,043	196,203	323,616	702,255	137,622	144,524	282,146	22,130	304,276	1,006,531
Telecommunications	40,520	6,591	478	6,519	54,108	956	-	6,954	2,538	13,093	23,541	77,649	-	14,801	14,801	1,741	16,542	94,191
Insurance	50,911	7,932	660	7,932	67,435	-	-	5,292	-	18,432	23,724	91,159	-	19,064	19,064	2,652	21,716	112,875
Fees, dues & subscriptions	28,222	7,866	-	18,904	54,992	1,741	15,694	3,282	1,199	56,866	78,782	133,774	-	33,937	33,937	1,065	35,002	168,776
Supplies	32,778	12,792	489	5,945	52,004	426	-	15,917	2,388	23,876	42,607	94,611	-	10,143	10,143	2,167	12,310	106,921
Technology	54,378	14,380	-	24,616	93,374	2,683	-	8,994	10,987	69,829	92,493	185,867	-	96,024	96,024	13,605	109,629	295,496
Training	2,701	-	-	3,366	6,067	-	-	3,585	-	699	4,284	10,351	-	2,186	2,186	-	2,186	12,537
Grants administration	57,524	5,828	-	-	63,352	-	-	15,988	-	789	16,777	80,129	2,420	-	2,420	35,282	37,702	117,831
Events	8,542	5,876	75	3,180	17,673	88,301	7,200	20,712	257,221	-	373,434	391,107	-	8,632	8,632	132,121	140,753	531,860
Scholarships and stipends	3,500	-	85,000	-	88,500	-	-	-	-	-	-	88,500	-	-	-	-	-	88,500
Administrative	44,634	11,533	51	118,402	174,620	-	-	15,096	-	22,439	37,535	212,155	129,333	46,824	176,157	4,536	180,693	392,848
Conference and travel	12,530	12,471	4,231	12,777	42,009	527	-	6,814	9,891	6,820	24,052	66,061	-	5,125	5,125	499	5,624	71,685
Depreciation and amortization	66,088	-	-	1,583	67,671	-	-	-	-	-	-	67,671	-	100,663	100,663	-	100,663	168,334
Interest	-	-	-	-	-	-	3,771	295	3,900	70	8,036	8,036	38,443	189,375	227,818	-	227,818	235,854
Total expenses	$ 5,246,611	$ 914,332	$ 196,035	$ 1,300,899	$ 7,657,877	$ 309,451	$ 26,665	$ 1,368,412	$ 937,364	$ 2,590,765	$ 5,232,657	$ 12,890,534	$ 1,140,627	$ 2,654,999	$ 3,795,626	$ 513,662	$ 4,309,288	$ 17,199,822

2023

	Program Services												Supporting Services					
	JDC Program Services					BASF Program Services												
	Pro Bono Legal Services	Immigration Program	Diversity Educational Programs	Cooperative Restraining Order Clinic	JDC Program Services Subtotal	Membership	Publications	Alternate Dispute Resolution	Continuing Legal Education	Lawyer Referral Service	Program Services Subtotal	Total Program Services	JDC Management and General	BASF Management and General	Total Management and General	JDC Fundraising	Total Supporting Services	Total
Personnel	$ 3,644,817	$ 680,273	$ 55,850	$ 714,958	$ 5,095,898	$ 183,947	$ -	$ 865,237	$ 512,886	$ 2,090,593	$ 3,652,663	$ 8,748,561	$ 703,434	$ 1,951,016	$ 2,654,450	$ 274,385	$ 2,928,835	$ 11,677,396
Subcontractor	354,478	-	-	133,147	487,625	-	-	553,388	30,313	740	584,441	1,072,066	-	-	-	3,520	3,520	1,075,586
Rent and occupancy	253,375	61,654	17,616	51,304	383,949	-	-	88,066	44,041	221,788	353,895	737,844	118,937	120,053	238,990	26,424	265,414	1,003,258
Telecommunications	45,383	5,968	416	21,003	72,770	833	-	8,578	3,580	14,392	27,383	100,153	356	14,690	15,046	1,369	16,415	116,568
Insurance	45,657	7,428	624	7,428	61,137	-	-	5,580	-	17,448	23,028	84,165	-	21,447	21,447	2,472	23,919	108,084
Fees, dues & subscriptions	41,048	5,907	-	16,888	63,843	305	612	6,450	199	130,076	137,642	201,485	-	27,965	27,965	70	28,035	229,520
Supplies	26,800	11,505	177	8,288	46,770	335	-	1,909	6,347	8,008	16,599	63,369	-	14,664	14,664	1,701	16,365	79,734
Technology	52,906	12,540	-	34,805	100,251	7,847	260	3,357	7,421	17,006	35,891	136,142	-	71,657	71,657	11,507	83,164	219,306
Training	3,215	200	-	8,481	11,896	-	-	10,764	-	-	10,764	22,660	-	566	566	-	566	23,226
Grants administration	45,600	4,159	25	-	49,784	-	-	4,448	-	-	4,448	54,232	1,217	-	1,217	32,340	33,557	87,789
Events	7,245	4,051	1,993	18,094	31,383	38,005	11,800	26,093	248,960	-	324,858	356,241	-	10,844	10,844	133,432	144,276	500,517
Scholarships and stipends	2,500	-	108,500	-	111,000	-	-	-	-	-	-	111,000	-	-	-	-	-	111,000
Administrative	62,723	36,130	991	90,478	190,322	-	13,717	5,557	1,847	11,388	32,509	222,831	60,445	-	60,445	1,441	61,886	284,717
Conference and travel	7,987	13,363	5,872	10,522	37,744	180	-	23,211	6,778	8,988	39,157	76,901	-	6,316	6,316	736	7,052	83,953
Depreciation and amortization	66,088	-	-	2,159	68,247	-	-	-	-	-	-	68,247	-	96,522	96,522	-	96,522	164,769
Interest	-	-	-	-	-	-	-	-	-	-	-	-	41,292	83,663	124,955	-	124,955	124,955
Total expenses	$ 4,659,822	$ 843,178	$ 192,064	$ 1,117,555	$ 6,812,619	$ 231,452	$ 26,389	$ 1,602,638	$ 862,372	$ 2,520,427	$ 5,243,278	$ 12,055,897	$ 925,681	$ 2,419,403	$ 3,345,084	$ 489,397	$ 3,834,481	$ 15,890,378

See accompanying notes.

The Bar Association of San Francisco and Affiliate
Consolidated Statements of Cash Flows
Years Ended December 31, 2024 and 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 1,985,262	$ 2,728,267
Adjustment to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	168,334	164,769
Net realized and unrealized gains on investment	(845,861)	(1,337,136)
Bad debt expense	27,312	-
Change in allowance for credit losses	(45)	(5,900)
Change in operating assets and liabilities		
Accounts receivables	(65,530)	(268,001)
Pledges receivable	309,813	(119,654)
Grants receivable	(92,843)	(667,522)
Prepaid expenses	119,208	(53,180)
Accounts payable and accrued liabilities	55,699	(16,891)
Funds held in trust	3,526	2,762
Operating lease ROU assets and liabilities, net	88,604	(13,000)
Deferred revenue	(468,657)	792,676
Net cash provided by operating activities	1,284,822	1,207,190
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, leasehold improvements, and equipment	(28,728)	(10,687)
Proceeds from sale of investments	1,578,720	1,176,460
Purchase of investments	(2,038,052)	(1,567,481)
Net cash used in investing activities	(488,060)	(401,708)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from lines of credit	80,573	83,662
Payments on lines of credit	-	(705,558)
Payments on note payable	(63,153)	(60,784)
Net cash provided by (used in) financing activities	17,420	(682,680)
Net change in cash, cash equivalents, and restricted cash	814,182	122,802
Cash, cash equivalents, and restricted cash at beginning of year	1,783,074	1,660,272
Cash, cash equivalents, and restricted cash at end of year	$ 2,597,256	$ 1,783,074

See accompanying notes.

The Bar Association of San Francisco and Affiliate
Consolidated Statements of Cash Flows
Years Ended December 31, 2024 and 2023

	2024	2023
RECONCILIATION OF CASH, CASH EQUIVALENTS, AND RESTRICTED CASH		
Cash and cash equivalents	$ 2,529,410	$ 1,718,754
Restricted cash	67,846	64,320
	$ 2,597,256	$ 1,783,074

	2024	2023
SUPPLEMENTAL CASH-FLOW INFORMATION		
Interest paid	$ 235,854	$ 124,955
Taxes paid	$ 10,849	$ 15,231
Right of use assets acquired under operating lease	$ 6,919,028	$ -

See accompanying notes.

Note 1 – Organization and Principles of Consolidation

The consolidated financial statements include The Bar Association of San Francisco (BASF) and its affiliate, the Justice and Diversity Center of The Bar Association of San Francisco (JDC), collectively known as the Bar Association or the Organization. Inter-entity amounts are eliminated in these consolidated financial statements.

BASF was founded in 1872, and incorporated as a nonprofit organization in 1949, primarily to serve the needs of attorney members practicing in the City of San Francisco and the San Francisco community at large.

Established in 1977, JDC was incorporated in 1984 as a California nonprofit public benefit corporation. Its purpose is to provide free legal and social services to low-income individuals and families in San Francisco, California.

Note 2 – Summary of Significant Accounting Policies

Basis of presentation – The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP) applicable to not-for-profit organizations. Accordingly, net assets and revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions.

Description of net assets – Net assets are classified based on existence or absence of donor-imposed restrictions as follows:

Without donor restrictions are net assets and activities that represent the portion of expendable funds that are available to support the Organization's operations. A portion of these net assets may be designated by the Organization's Board of Directors as a reserve for core operations as needed.

With donor restrictions is defined as that portion of net assets that consist of a restriction on the specific use or the occurrence of a certain future event. Contributions unconditionally promised, that are scheduled to be received more than one year in the future, are recorded at fair value, and classified as with donor restrictions until the funds are received and are discounted using a discount rate that is commensurate with the risks involved at the time the contribution is received. Net assets consisting of the initial fair value of the gifts where the donor has specified that the assets donated are to be retained in an endowment, providing a perpetual source of revenue for charitable purposes, are classified as with donor restriction. The accumulation of assets, above historic gift value, in donor-restricted endowment funds is classified as with donor restriction until appropriated for use based on the Organization's spending policy. The Organization also receives grants from charitable foundations and local agencies for initiatives and special projects for which purpose restrictions apply. Such grants and contributions are recorded as net assets with donor restrictions until the purpose restrictions are met. When the purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as net assets released from restrictions.

Cash and cash equivalents – Cash and cash equivalents consist of highly liquid instruments with original maturities of three months or less at time of purchase. Restricted cash is excluded.

Restricted cash – State Bar of California rules of professional conduct require attorney's to deposit funds received or held for the benefit of clients in a trust account separate from the attorney's own funds. Restricted cash comprises such amounts.

Accounts receivable, net – Accounts receivable are recorded in the consolidated financial statements in the period received. Management provides an allowance for credit losses to estimate losses from uncollectible accounts. Under this method an allowance is recorded based upon historical experience and management's evaluation of, among other factors, current and reasonably supportable expected future economic conditions and the customer's willingness or ability to pay. Recoveries of receivables previously written off are recorded when received. Management's evaluation resulted in an allowance for credit losses of $1,908 and $1,953 as of December 31, 2024 and 2023, respectively. All receivables are due in less than one year.

Pledges receivable, net – Unconditional promises to give are recorded in the financial statements as pledges receivable and charitable contribution revenue in the period the promise is received. Pledges receivable due after one year are recorded at present value, which is calculated using a rate commensurate with the risks involved at the time the contribution is received. Pledges are written off in the period deemed uncollectible. The provision for uncollectible amounts is computed based on management's evaluation of, among other factors, current and reasonably supportable expected future economic conditions and the customer's willingness or ability to pay. Using these criteria, the provision for uncollectible pledges receivable is $35,642 and $8,150 as of December 31, 2024 and 2023, respectively. The provision for uncollectible amounts relating to pledges receivable is reported as an expense or loss in the net asset class in which the net assets are presented. Recoveries of pledge receivables previously written off are recorded when received.

Grants receivable – Grants receivable represent conditional agreements to support a specified cause or purpose. The majority of JDC's grants operate on a reimbursable basis with consistent payment schedules. Revenue for conditional grants receivable is recorded once the funds have been earned and qualify to be reimbursed and received. Grants receivable are stated at the amount JDC expects to collect from outstanding balances based on historical experience. Management does not believe that an allowance is required for grants receivable as of December 31, 2024 and 2023.

Investments – Investments, consisting of fixed income bond funds and equity securities at December 31, 2024 and 2023, are recorded at fair value, which is based upon quoted market prices. Income from gains and losses are shown net of external and direct internal expenses on investments and are reported as follows:

- Increases or decreases in net assets with donor restrictions if the terms of the gift or the Organization's interpretation of relevant state law requires they be added to the principle of a net asset with donor restrictions.

- Increases or decreases in net assets with donor restrictions if the terms of the gift impose restrictions on the use of the income.

- Increases or decreases in net assets without donor restrictions in all other cases.

Leases – The Organization recognizes assets and liabilities arising from leases with terms longer than 12 months on the consolidated statements of financial position. Leases are classified as either operating or financing, with classification affecting the pattern of expense recognition in the consolidated statement of activities.

The Organization has operating lease assets of $6,477,325 and $295,956 and operating lease liabilities of $6,576,436 and $306,463, as of December 31, 2024 and 2023, respectively.

Fixed assets, net – Fixed assets are carried at cost. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets, which range from thirty years for building, five to ten years for furniture and equipment, and three to five years for computer, software, and media assets. Leasehold improvements are amortized using the straight-line method over the useful lives or remaining terms of the leases, whichever is shorter. The Organization capitalizes furniture and fixtures, computer software, media assets, and leasehold improvements with a cost or fair value, if donated, of $5,000 or more. The Organization regularly evaluates its long-lived assets for indicators of possible impairment. Should an impairment exist, the impairment loss would be measured based on the excess carrying value of the asset's fair value or discounted estimates of future cash flows. The Organization has not identified any such impairment losses to date.

Deferred revenue – Deferred revenue relates to membership dues, seminar and events revenues, grant and contract revenues, and fee revenues where cash has been received but services have not yet been performed or expenses incurred.

Income taxes – BASF and JDC are exempt from Federal income tax under Sections 501(c)(6) and 501(c)(3), respectively, of the Internal Revenue Code and Sections 23701e and 23701d, respectively, of the California Revenue and Taxation Code except to the extent of unrelated business taxable income as defined under Internal Revenue Code sections 511 through 515. Therefore, no provision for income taxes has been provided in these consolidated financial statements. The Organization has no unrecognized tax benefits or uncertain tax positions as of December 31, 2024 or 2023.

Revenue recognition –

- Contract and government grant revenues are recognized in accordance with Accounting Standards Update No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (ASU No. 2018-08)*. Contract and government grant revenues are considered to be a conditional contribution and the contribution is recognized as the performance obligation is satisfied or at the end of the service period. The performance obligation is met when services are performed and/or when expenses are incurred.

- Non-government grant revenues are recognized in accordance with ASU No. 2018-08.

- Contributions received as well as collectible unconditional promises to give are recognized in the period in which they are received and are reported as without donor restriction support unless they are received with donor restrictions that limit the use of the donated assets. Contributions with donor-imposed restrictions are reported as revenues with donor restrictions. Net assets with donor restrictions are classified to net assets without donor restrictions when the donor restrictions are satisfied.

- Cy Pres awards, when received, are recognized as revenue on receipt in accordance with ASU No. 2018-08. These amounts represent an allocation of funds remaining after claims have been completed in class actions. The Court or the parties involved designate nonprofit organizations, such as JDC, as the recipient of these surplus funds. There were no Cy Pres awards for the years ended December 31, 2024 and 2023, respectively.

- The Cooperative Restraining Order Clinic operates with designated funds in JDC. Its revenues are comprised of grants, contributions, and Cy Pres awards, as described above for these revenue categories.

The Organization records certain revenue from contracts with customers in accordance with Accounting Standards Codification (ASC) Topic 606. Under ASC Topic 606, the Organization must identify the contract with a customer, identify the performance obligations in the contract, determine the transaction price, allocate the transaction price to the performance obligations in the contract, and recognize revenue when (or as) the Organization satisfies a performance obligation. Significant revenue has not been recognized in the current reporting period that results from performance obligations satisfied in previous periods.

Sources of revenue from contracts with customers that are in the scope of ASC Topic 606 include the following:

- Membership dues are recognized in the year to which they relate.

- Continuing education, events, conferences, and special events – The Organization earns event revenue from customers for services rendered as the contract transaction occurs. Event revenue is charged to customers as events are registered for and is recognized as the performance obligation is satisfied or at the end of the event period. The performance obligation is met when services are performed.

- Referral and other fees are recognized in the period in which the related services are provided. The majority of the Organization’s referral and other fee are from client referral and mediation services.

- Advertising revenue is recognized when the publication carrying the advertisement is published.

- Royalties and other income are recognized on receipt or accrued according to contract. Royalties are received as a revenue share from vendors who provide member benefit programs to members of the Organization.

As of January 1, 2023, the balance of accounts receivable was $1,105,190. The change in accounts receivable during the years ended December 31, 2024 and 2023, relates to the timing of billings and collections.

Allocation of functional expenses – Expenses which apply to more than one functional category have been allocated between program, management and general, and fundraising based on time spent on these functions by specific employees as estimated by senior management. The remaining costs are charged directly to the appropriate functional category.

Advertising expense – The cost of advertising is expensed as incurred. Advertising expense totaled approximately $47,000 and $38,800 for the years ended December 31, 2024 and 2023, respectively.

Concentration of credit risk – Financial instruments that are potentially subject to risk consist primarily of cash and cash equivalents, and investments. Cash, cash equivalents, and investments consist primarily of balances at financial institutions in excess of Federal Deposit Insurance Corporation (FDIC) insurance thresholds, cash held in money market accounts in excess of the amounts insured by the U.S. Treasury insurance for money market funds, and various debt and equity instruments in excess of Securities Investor Protection Corporation (SIPC) insurance limits. If any of the financial institutions with whom the Organization does business were to be placed into receivership with the FDIC, the Organization may be unable to access the cash it has on deposit with such institutions. If the Organization was unable to access its cash and cash equivalents as needed, the Organization's financial position and ability to operate its business could be adversely affected. The Organization has not experienced any losses in such accounts, and management believes it is not exposed to any significant credit risk on cash and investments.

Use of estimates – In preparing consolidated financial statements in conformity with GAAP, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Note 3 – Pledges Receivable

Pledges receivable expected to be realized at December 31 were as follows:

	2024	2023
Pledges less than one year	$ 33,394	$ 303,207
Between one and five years	20,000	60,000
	53,394	363,207
Present value discount at effective rates of 0.43% to 0.83%	(265)	(265)
Allowance for uncollectible pledges	(35,462)	(8,150)
Total pledges receivable, net	$ 17,667	$ 354,792

Note 4 – Investments and Fair Value Measurement

The following summarizes the composition of investments, at fair value, at December 31:

	2024	2023
Fixed income bond funds		
Domestic	$ 3,682,478	$ 4,065,995
International	791,044	670,913
Total fixed income bond funds	4,473,522	4,736,908
Equity securities		
International	2,364,689	2,000,474
Domestic	3,959,873	3,026,452
Commodities and real estate	1,240,502	969,559
Total equity securities	7,565,064	5,996,485
	$ 12,038,586	$ 10,733,393

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The standard describes three levels of inputs that may be used to measure fair value:

Level 1 – Quoted prices in active markets for identical assets or liabilities. Fixed income bond funds and equity securities are valued using quoted market price;

Level 2 – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; and

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

All Organization investments in the accompanying consolidated statements of financial position are measured at fair value on a recurring basis and classified as Level 1 pursuant to the valuation hierarchy.

Note 5 – Fixed assets, net

Fixed assets, net, consisted of the following at December 31:

	2024	2023
Leasehold improvements	$ -	$ 1,737,326
Computer equipment and software	1,435,618	1,404,448
Building and building improvements	1,712,068	1,712,068
Furniture and fixtures	168,949	220,264
Media equipment and software	430,361	430,361
	3,746,996	5,504,467
Accumulated depreciation and amortization	(2,349,875)	(3,970,183)
Land	1,140,000	1,140,000
Work-in-progress	63,351	65,794
	$ 2,600,472	$ 2,740,078

Depreciation and amortization expense for the years ended December 31, 2024 and 2023, was $168,334 and $164,769, respectively.

Note 6 – Deferred Revenue

Deferred revenue consisted of the following as of December 31:

	2024	2023
Membership dues	$ 972,666	$ 851,007
Contract and grant revenues	186,688	783,380
Fee revenue	13,147	8,687
Seminar and event revenue	98,675	96,605
Other	7,427	7,581
	$ 1,278,603	$ 1,747,260

Changes in deferred revenue were as follows for the years ended December 31:

	2024	2023
Deferred revenue, beginning of year	$ 1,747,260	$ 954,584
Membership dues received	1,865,051	1,993,891
Contract and grant revenues received	1,589,925	1,710,586
Fee revenues received	4,460	12,467
Seminar and event revenues received	2,070	723,223
Other revenues received	-	1,000
Total deferred revenue	5,208,766	5,395,751
Membership dues recognized	(1,743,392)	(1,739,435)
Contract and grant revenues recognized	(2,186,617)	(1,215,716)
Fee revenues recognized	-	(18,346)
Seminar and event revenues recognized	-	(669,908)
Other revenues recognized	(154)	(5,086)
Total revenues recognized	(3,930,163)	(3,648,491)
Deferred revenue, end of year	$ 1,278,603	$ 1,747,260

Note 7 – Lines of Credit

As of April 1, 2014, the Organization secured variable lines of credit from a financial institution up to $2,047,807 and up to $2,525,516, at December 31, 2024 and 2023, respectively. The lines of credit incur interest at 30-day LIBOR rate plus 2.5% (7.1421% and 7.9586% at December 31, 2024 and 2023, respectively). The lines of credit are reviewed annually and are due on demand. Under the terms of the lines of credit, they are secured by the investments held by the Organization. As of December 31, 2024 and 2023, the Organization had drawn $1,055,057 and $974,484, respectively, on these lines of credit. Interest expense totaled $80,572 and $84,143, for the years ended December 31, 2024 and 2023, respectively.

Note 8 – Note Payable

JDC obtained a commercial loan from a financial institution secured by property in the amount of $1,144,000 at the annual rate of 3.95% on April 2, 2021, with a maturity date of April 2, 2036. Interest expense totaled $38,443 and $40,812 for the years ended December 31, 2024 and 2023, respectively. The outstanding principal balance as of December 31, 2024 and 2023, was $922,836 and $985,989, respectively.

Maturities for the note payable are as follows:

Year Ending December 31,	
2025	$ 65,471
2026	68,525
2027	71,321
2028	74,150
2029	76,920
Thereafter	566,449
	$ 922,836

Covenants under the note payable agreement include, among other things, that JDC provide audited financial statements to the financial institution within 120 days after the close of each calendar year.

Note 9 – Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following at December 31:

	2024	2023
Legal Services	$1,022,813	$ 244,747
Immigration	613,883	166,984
Fundraising, Individual and Organization Contribution	384,268	50,000
Cooperative Restraining Order Clinic	208,827	336,172
Diversity and Education	90,555	178,007
Other-Brosnahan Award Fund	45,000	-
Endowment	1,302,007	1,236,610
Total with donor restrictions net assets	$3,667,353	$2,212,520

All net assets with donor restrictions will be utilized for their intended purpose until exhausted; however most net assets with donor restrictions are expected to be released from restriction by December 31, 2024, except for the donor restricted endowment that is held in perpetuity.

Note 10 – Net Assets Released from Donor Restrictions

Net assets released from grants with donor restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by donors during the years ended December 31, 2024 and 2023, were as follows:

	2024	2023
Legal Services	$ 213,593	$ 338,949
Diversity and Education	65,000	102,500
Immigration	56,454	27,500
Fundraising, Individual and Organization Contribution	44,287	5,000
Cooperative Restraining Order Clinic	25,000	25,500
Other-Brosnahan Award Fund	5,000	-
Endowment	25,000	-
Total with donor restrictions net assets	$ 434,334	$ 499,449

Note 11 – Endowment

The Organization's endowment consists of investments established to support the operations of the Organization. The endowment represents donor-restricted endowment funds. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of relevant law – The Organization has interpreted the Uniform Prudent Management of Institutional Funds Act of 2006 in California (CPMIFA) for donor-restricted endowment funds as requiring the preservation of the fair value of the original gift as of the gift date unless there are explicit donor stipulations to the contrary. As a result of this interpretation, the corpus funds subjected to CPMIFA is classified as with donor restriction. The corpus represents the fair value of the original gift as of the gift date, and all subsequent gifts where the donor has indicated the gift be retained in perpetuity.

As of December 31, 2024 and 2023, the corpus of net assets with donor restrictions endowment funds was $1,200,000. The value of assets in excess of original gifts in donor-restricted endowment funds are classified as net assets with donor restrictions until appropriated for expenditure by the Organization.

In accordance with CPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund;
(2) The purposes of the Organization and the donor-restricted endowment fund;
(3) General economic conditions;
(4) The possible effect of inflation and deflation;
(5) The expected total return from income and the appreciation of investments;
(6) Other resources of the Organization; and
(7) The investment policies of the Organization.

The Organization is required to provide information about net assets that are defined as endowment, restricted in perpetuity by donors (net assets with donor restrictions). The changes in endowment net assets for the years ended December 31, 2024 and 2023, were as follows:

	With Donor Restrictions
Donor restricted endowments as of December 31, 2022	$ 195,121
Investment income, net	41,489
Contributions	1,000,000
Donor restricted endowments as of December 31, 2023	1,236,610
Investment income, net	90,397
Appropriation of endowment assets for expenditure	(25,000)
Donor restricted endowments as of December 31, 2024	$ 1,302,007

Funds with deficiencies – From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or CPMIFA requires the Organization to retain as a fund of perpetual duration. The Organization has interpreted CPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. As of December 31, 2024 and 2023, there were no funds with deficiencies.

Return objectives and risk parameters – The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to the Organization operations that is partly supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the amount appropriated for operations by the rate of inflation while assuming a moderate level of investment risk. Actual returns in any given year may vary from this amount.

Strategies employed for achieving objectives – To satisfy its long-term rate-of-return objectives, the Organization has adopted a strategy of holding a substantial majority of its endowment assets in mutual funds.

Spending policy and how the investment objectives relate to spending policy – The Organization has a policy of appropriating for distribution each year no more than the amount stipulated by the funder for the annual Minority Law Scholarship, no less than $10,000, subject to earnings on the endowment being sufficient to cover the scholarship. Over the long term, this is expected to provide support for a three-year Minority Law Scholarship while keeping the increase/(decrease) year-over-year minimal to help provide the predictable level of funding needed. The effect of this draw is to slowly increase the support of a three-year scholarship when the endowment is growing and postpone the award if the endowment value falls. Excessive market loss can also impact the value of the endowment, in which case granting awards through the endowment will be further postponed until the market value of the endowment recovers, or the endowment is otherwise liquidated as directed by the donor or his estate. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

Note 13 – Commitments and Contingencies

Leases – BASF had a four-year operating lease which expired on May 31, 2024.

BASF signed an eight-year operating lease for new office space that commenced June 1, 2024, which will expire on June 1, 2032.

Total rent expense for the Organization for the years ended December 31, 2024 and 2023, was $966,635 and $808,715, respectively, and includes building lease operating expense.

Future minimum lease payments are as follows:

Year Ending December 31,	
2025	$ 869,963
2026	896,061
2027	922,943
2028	950,632
2029	979,150
Thereafter	3,081,716
Total lease payments	7,700,465
Less: present value discount	(1,124,029)
Operating lease liability	$ 6,576,436

Supplemental cash flow and other information related to leases was as follows:

Lease Term and Discount Rate	2024	2023
Remaining lease term	7.4 years	0.4 years
Discount rate	3.95%	3.95%

Federal grants – JDC has received federal grants for specific purposes that are subject to review and audit by the federal government. Although such audits could result in expenditure disallowances under grant terms, in the opinion of management, JDC has complied with all the conditions of its grants and contracts for services and any potential liability arising from any such audit may result in JDC having to return grant funds to the federal funding agency.

Note 14 – Profit Sharing Plan

The Organization maintains a defined contribution profit sharing and 401(k) plan that covers all employees meeting certain age and service eligibility requirements. Profit sharing expense in 2024 and 2023, was $320,580 and $236,589, respectively.

Note 15 – Related-Party Transactions

BASF allocates a portion of both its general and administrative expense to its affiliate. The basis for these allocations is an estimate of time spent by BASF employees on JDC activities benefiting the affiliate. For purposes of the consolidated financial statements, the intercompany transactions are eliminated. Special events revenues relate to events from which most net proceeds are contributed to JDC.

Note 16 – Designated Net Assets

The Lawyer Referral and Information Services (LRIS) program operates with designated funds within BASF. LRIS is Certified by the State Bar of California and governed by the rules for a certified lawyer referral service. Net assets in excess of annual operating expenses may only be used for specific purposes and therefore must be segregated from the general fund net assets of BASF.

Total designated net assets as of December 31, 2024 and 2023, were as follows:

	2024	2023
Total LRIS designated net assets	$ 4,458,871	$ 3,784,010
Total JDC designated net assets	3,103,572	1,572,287
Total designated net assets, end of year	$ 7,562,443	$ 5,356,297

The LRIS designated net assets as of December 31, 2024 and 2023, were as follows:

	2024	2023
Revenues	$ 3,265,626	$ 3,145,254
Expenses	(2,590,765)	(2,520,427)
Excess of revenues over expenses	674,861	624,827
Designated net asset balance, beginning of year	3,784,010	3,159,183
Total LRIS designated net assets	$ 4,458,871	$ 3,784,010

The Cooperative Restraining Order Clinic (CROC) operates with designated funds. JDC provides Fiscal Sponsorship to CROC for a fee and it shares in JDC's legal and tax-exempt status. CROC is engaged in activities that aligns with JDC's mission. CROC is maintained as a separate fund, including a separate balance sheet and net assets, which are reserves arising from CROC's activities.

Cy Pres awards, once recognized as revenue, are considered board-designated net assets for the purposes of maintaining an operating reserve. The use of these funds is approved each year by the Board as part of the budget process. The Board approved $0 of the designated net assets to be spent on general operating purposes for the years ending December 31, 2024 and 2023.

The JDC designated net assets as of December 31, 2024 and 2023, were as follows:

	2024	2023
Revenues	$ 1,458,470	$ 1,192,861
Expenses	(1,300,899)	(1,117,556)
Excess of revenues over expenses	157,571	75,305
Designated net asset balance, beginning of year	510,096	434,791
Total CROC designated net assets, end of year	667,667	510,096
JDC Board designated net assets, at end of year	2,435,905	1,062,191
Total JDC designated net assets	$ 3,103,572	$ 1,572,287

Note 17 – Liquidity and Availability

Financial assets available for nonprogram related general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the statement of financial position are comprised of the following:

	2024	2023
Financial assets		
Cash and cash equivalents	$ 2,529,410	$ 1,718,754
Restricted cash	67,846	64,320
Accounts receivable, net	1,444,666	1,379,091
Pledges receivables, net	17,667	354,792
Grants receivables	1,951,886	1,859,043
Investments	12,038,586	10,733,393
Financial assets, at end of year	18,050,061	16,109,393
Less those unavailable for nonprogram related general expenditure within one year, due to:		
Restricted cash	(67,846)	(64,320)
Pledges receivables collectible beyond one year	(20,000)	(60,000)
LRIS designated net assets	(4,458,871)	(3,784,010)
CROC designated net assets	(667,667)	(510,096)
JDC Board designated net assets	(2,435,905)	(1,062,191)
Perpetual and term endowments and accumulated earnings subject to appropriation beyond one year	(1,272,007)	(1,226,610)
Financial assets available to meet cash needs for nonprogram related general expenditures within one year	$ 9,127,765	$ 9,402,166

The Organization's policy is to structure its financial assets to be available to cover the following in order of priority: current operations, capital assets, planned future operations, opportunities to enhance the Organization's mission, unanticipated expenses, and sudden shortfalls in revenues. Available to the Organization are their lines of credit as discussed in Note 7 above which may be utilized should the Organization face shortfalls in liquidity from operations.

Note 18 – Subsequent Events

Subsequent events are events or transactions that occur after the consolidated statement of financial position date but before the consolidated financial statements are available to be issued. The Organization recognizes in the consolidated financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the consolidated statement of financial position, including the estimates inherent in the process of preparing the consolidated financial statements.

The Organization has evaluated subsequent events through April 18, 2025, which is the date the consolidated financial statements are available to be issued.

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