

**COMMUNITY LEGAL AID SOCAL**  
***Financial Statements, Supplementary Schedules,***  
***and***  
***Single Audit Report on Schedule of Expenditures of***  
***Federal Awards***  
*January 31, 2025*  
*LSC Recipient #805310*

**COMMUNITY LEGAL AID SOCAL**  
**Financial Statements, Supplemental Schedules**  
**and**  
**Single Audit Report on Schedule of Expenditures of Federal Award Programs**  
January 31, 2025

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## **FINANCIAL STATEMENTS**

Board of Directors  
Community Legal Aid SoCal  
Santa Ana, California

## **INDEPENDENT AUDITORS' REPORT**

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of Community Legal Aid SoCal (a nonprofit organization), which comprise the statement of financial position as of January 31, 2025, 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 financial statements present fairly, in all material respects, the financial position of Community Legal Aid SoCal as of January 31, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Community Legal Aid SoCal 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 opinions.

#### ***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 Community Legal Aid SoCal's ability to continue as a going concern within one year after the date that the 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 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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, 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 Community Legal Aid SoCal'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 Community Legal Aid SoCal'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 Community Legal Aid SoCal 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 24, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended January 31, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Supplementary Schedules, as listed in the table of contents, as required by LSC Audit Guide for Recipients, and the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Board of Directors  
Community Legal Aid SoCal  
Santa Ana, California  
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**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 24, 2025, on our consideration of Community Legal Aid SoCal's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Community Legal Aid SoCal's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Community Legal Aid SoCal's internal control over financial reporting and compliance.

**Gruber and Lopez, Inc.**

*Gruber and Lopez, Inc.*

Newport Beach, CA  
May 24, 2025

**COMMUNITY LEGAL AID SOCAL**  
**Statement of Financial Position**  
January 31, 2025  
(with comparative totals as of January 31, 2024)

	<u>2025</u>	<u>2024</u>
<b><u>Assets</u></b>		
Current assets:		
Cash and cash equivalents	\$ 5,373,366	\$ 5,454,471
Client trust deposits	4,740	4,760
Contribution grants receivable (Note 2)	1,069,640	1,706,641
Other receivables (claim)	22,718	11,057
Prepaid expenses and other assets	114,245	150,382
Total current assets	<u>6,584,709</u>	<u>7,327,311</u>
Non-current assets (Note 4):		
Land, buildings, furniture and equipment, net	4,981,003	5,260,653
Law library, net	-	-
Total non-current assets, net	<u>4,981,003</u>	<u>5,260,653</u>
Total assets	<u>\$ 11,565,712</u>	<u>\$ 12,587,964</u>
<b><u>Liabilities and Net Assets</u></b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 509,630	\$ 280,587
Client trust liability	5,000	5,000
Current portion of lease payable (Note 17)	138,327	134,298
Current portion of mortgage notes payable (Note 6)	202,723	195,902
Accrued vacation	594,157	530,571
Advance funding:		
Legal Services Corporation - basic grant	746,168	387,900
Legal Services Corporation - TIG grant	-	-
Other participating agencies	1,089,014	845,596
Total current liabilities	<u>3,285,019</u>	<u>2,379,854</u>
Long-term liabilities:		
Mortgage notes payable (Note 6)	1,369,358	1,572,081
Lease liability (Note 17)	250,781	389,108
Total long-term liabilities	<u>1,620,139</u>	<u>1,961,189</u>
Total liabilities	<u>4,905,158</u>	<u>4,341,043</u>
Net assets (Note 10):		
Without donor restrictions:		
Designated for reserve	-	-
Undesignated	6,660,554	8,246,921
Total without donor restrictions	<u>6,660,554</u>	<u>8,246,921</u>
With donor restrictions	-	-
Total net assets	<u>6,660,554</u>	<u>8,246,921</u>
Total liabilities and net assets	<u>\$ 11,565,712</u>	<u>\$ 12,587,964</u>

See accompanying notes to financial statements

**COMMUNITY LEGAL AID SOCIAL**  
**Statement of Activities**  
Year Ended January 31, 2025  
(with comparative totals for the year ended January 31, 2024)

	Without Donor Restrictions	With Donor Restrictions	Totals	
			2025	2024
<b>Operating Activities:</b>				
Support and revenue:				
Contributions- Grants (Note 2)	\$ 14,666,134	-	14,666,134	14,256,028
Contributions-Technology grants- TIG- LSC (Note 2)	95,385	-	95,385	141,165
Contributions-Pro bono grant - LSC (Note 2)	156,851	-	156,851	52,284
Contributions-Covid 19 - LSC (Note 2)	-	-	-	-
Investment income	235,488	-	235,488	150,246
Donated services	516,386	-	516,386	521,530
Contributions- other	265,213	-	265,213	1,201,745
Special event , net - Justice Served, (gross income \$138,294 less direct expense \$141,408)	(3,114)	-	(3,114)	50,631
Rental income	-	-	-	-
Payroll protection grant debt forgiveness (Note 7)	-	-	-	-
Derivative income	-	-	-	8,646
Referral fees and miscellaneous income	78,286	-	78,286	1,092,359
Subtotal support and revenues	16,010,629	-	16,010,629	17,474,634
Net assets released from restrictions (Note 10)	-	-	-	-
Total support and revenue	16,010,629	-	16,010,629	17,474,634
Expenses:				
Program services	14,126,813	-	14,126,813	13,149,291
Supporting services:				
Management and general	3,314,099	-	3,314,099	2,989,931
Fundraising	156,084	-	156,084	148,750
Total expenses	17,596,996	-	17,596,996	16,287,972
Increase (decrease) in net assets	(1,586,367)	-	(1,586,367)	1,186,662
Net assets beginning of year	8,246,921	-	8,246,921	7,060,259
Net assets at end of year	\$ 6,660,554	-	6,660,554	8,246,921

See accompanying notes to financial statements



**COMMUNITY LEGAL AID SOCIAL**  
**Statement of Functional Expenses**  
Year Ended January 31, 2025  
(with comparative totals for the year ended January 31, 2024)

	Program Services	Supporting Services			Totals	
		Management & General	Fundraising	Subtotal	2025	2024
Personnel expenses:						
Lawyers	\$ 4,934,006	225,134	-	225,134	5,159,140	5,071,572
Paralegals	3,594,207	-	-	-	3,594,207	3,067,331
Other nonlawyers	42,692	1,822,032	130,387	1,952,419	1,995,111	1,861,729
Donated services (Note 1l)	516,386	-	-	-	516,386	521,530
Payroll taxes and employee benefits	2,145,066	523,525	25,697	549,222	2,694,288	2,224,690
Total Personnel Costs	<u>11,232,357</u>	<u>2,570,691</u>	<u>156,084</u>	<u>2,726,775</u>	<u>13,959,132</u>	<u>12,746,852</u>
Office rent and maintenance (Note 17)	344,120	102,789	-	102,789	446,909	389,669
Equipment rental (Note 9)	3,544	1,058	-	1,058	4,602	5,821
Office supplies and maintenance	168,868	50,441	-	50,441	219,309	335,906
Telephone	332,497	99,317	-	99,317	431,814	273,028
Program travel	17,092	5,106	-	5,106	22,198	21,986
Conference travel	58,567	17,494	-	17,494	76,061	125,986
Library	94,230	-	-	-	94,230	109,162
Insurance	74,208	22,166	-	22,166	96,374	92,121
Auditing and accounting	28,875	8,625	-	8,625	37,500	37,992
Dues and fees	37,841	11,303	-	11,303	49,144	67,505
Litigation	36,442	-	-	-	36,442	29,923
LSC- Pro Bono	132,644	-	-	-	132,644	41,196
LSC- Technology expenses -TIG	64,723	-	-	-	64,723	152,111
Support to Public Law Center (Notes 3 and 5)	-	-	-	-	-	-
Private attorney involvement (Note 5)	546,546	140,070	-	140,070	686,616	717,606
Interest	43,360	12,952	-	12,952	56,312	62,590
Special event - venue and other	-	-	141,408	141,408	141,408	88,450
Other (Note 13)	804,534	240,315	-	240,315	1,044,849	943,306
Total expenses before depreciation	<u>14,020,448</u>	<u>3,282,327</u>	<u>297,492</u>	<u>3,579,819</u>	<u>17,600,267</u>	<u>16,241,210</u>
Depreciation (Note 4)	<u>106,365</u>	<u>31,772</u>	<u>-</u>	<u>31,772</u>	<u>138,137</u>	<u>135,212</u>
Total expenses	<u>\$ 14,126,813</u>	<u>3,314,099</u>	<u>297,492</u>	<u>3,611,591</u>	<u>17,738,404</u>	<u>16,376,422</u>
Less expenses included in statement of activities	<u>-</u>	<u>-</u>	<u>(141,408)</u>	<u>(141,408)</u>	<u>(141,408)</u>	<u>(88,450)</u>
Total expenses per statement of activities	<u>\$ 14,126,813</u>	<u>3,314,099</u>	<u>156,084</u>	<u>3,470,183</u>	<u>17,596,996</u>	<u>16,287,972</u>

See accompanying notes to financial statements.

**COMMUNITY LEGAL AID SOCIAL**

**Statement of Cash Flows**

Year Ended January 31, 2025

(with comparative totals for the year ended January 31, 2024)

	2025	2024
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ (1,586,367)	1,186,662
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
Depreciation	138,137	135,212
Right to use lease asset	135,675	200,334
Decrease (increase) in contributions grants receivable	637,001	(580,337)
Decrease (increase) in other receivable	(11,661)	(15,935)
Decrease (increase) in prepaid expenses and other assets	36,137	(57,284)
Decrease (increase) in client trust deposits	20	-
(Decrease) increase in accounts payable and accrued liabilities	239,356	30,209
(Decrease) increase in accrued vacation	63,586	64,616
(Decrease) increase in client trust deposits	-	5,000
(Decrease) increase in advance funding - Legal Services Corporation	358,268	50,620
(Decrease) increase in advance funding - Other participating agencies	243,418	(17,173)
Net cash provided by (used for) operating activities	253,570	1,001,924
Cash flows from investing activities:		
Purchases of property, plant and equipment and law library	(4,475)	(12,166)
Net cash provided by (used for) investing activities	(4,475)	(12,166)
Cash flows from financing activities:		
Principal payments on lease payable	(134,298)	(130,386)
Principal payments on mortgage notes payable	(195,902)	(189,624)
Net cash provided by (used for) financing activities	(330,200)	(320,010)
Increase (decrease) in cash and cash equivalents	(81,105)	669,748
Cash and cash equivalents at beginning of year	5,454,471	4,784,723
Cash and cash equivalents at end of year	\$ 5,373,366	5,454,471

Supplemental disclosures of noncash investing and capital related financing activities:

There were no noncash investing or capital related financing activities for the year ended January 31, 2025

Supplemental disclosure of cash flow information:

Cash paid for interest expense	\$ 56,312	62,590
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See accompanying notes to financial statements.

## **COMMUNITY LEGAL AID SOCAL**

### **Notes to the Financial Statements**

January 31, 2025

#### **(1) Summary of Significant Accounting Policies**

The significant accounting policies of the Community Legal Aid SoCal (CLA SOCAL) are presented to assist in the understanding of CLA SOCAL's financial statements. The financial statements and notes are representations of CLA SOCAL's management, who is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

##### **(a) Organization and Sources of Revenues**

Founded in 1958, CLA SOCAL is a 501(c)(3) non-profit organization whose mission is to provide free civil legal services to low-income individuals and seniors and to promote equal access to the justice system through advocacy, legal counseling, innovative self-help services, in-depth legal representation, and community education. In 1984, CLA SOCAL was awarded the Legal Services Corporation contract to provide legal services in Southeast Los Angeles County. CLA SOCAL's client community consists of individuals whose incomes fall below 125% to 200% of the federal poverty threshold and those over the age of 60. CLA SOCAL's programs and services are provided throughout Orange County and Southeast Los Angeles County and are aimed at 1) providing support for the family; 2) preserving the home; 3) maintaining economic stability; 4) ensuring safety, stability and health; 5) assisting populations with special vulnerabilities; 6) continuing the delivery of legal services (including direct representation); and 7) giving advice, counsel and referrals. CLA SOCAL also provides assistance in the areas of housing and landlord/tenant Issues, government benefits, issues related to children with special education needs, consumer problems, foreclosure, and bankruptcy.

CLA SOCAL receives funding from various sources, primarily: (1) the federal Legal Services Corporation (LSC) which requires services, including general legal assistance, to be provided to the indigent, (2) the Senior Advocacy Program (Seniors) is funded by the County of Orange which requires general legal assistance to be provided to economically or socially disadvantaged senior citizens, and (3) the State Bar of California (State Bar) which permits general legal assistance to the indigent, socially disadvantaged and senior citizens. Other sources of funding are derived from other Federal, State, County, ND Local Grants, in addition to grant awards from private foundations, to further promote the mission of CLA SOCAL.

##### **(b) Basis of Accounting**

CLA SOCAL uses the accrual basis of accounting. Under this method of accounting, revenues are recognized when performance obligations have been satisfied and expenses are recognized when incurred.

## COMMUNITY LEGAL AID SOCAL

### Notes to the Financial Statements

(Continued)

(1) Summary of Significant Accounting Policies. (Continued)

(c) Financial Statement Presentation

In accordance with Financial Accounting Standards Board (FASB) *Accounting Standards Update (ASU) 2016-14 Not for Profit Entities [Topic 958]- Presentation of Financial Statements of Not-For Profit Entities*, CLA SOCAL is required to report information regarding its financial position and activities according to two classes of net assets:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of CLA SOCAL's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of CLA SOCAL or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

(d) Cash and Cash Equivalents

For purposes of the statement of cash flows, CLA SOCAL considers all unrestricted highly liquid investments with a maturity of three months or less to be cash equivalents. Cash and cash equivalents consist of deposits and money market funds held with several different financial institutions that at times exceed amounts covered by the insurance provided by the Federal Deposit Insurance Corporation (FDIC) and the Securities Investor Protection Corporation (SIPC).

(e) Advertising Costs

During the year ended January 31, 2025, CLA SOCAL incurred \$37,500 of advertising and website costs that was recorded as *other expenses* in the Statement of Functional Expenses.

## COMMUNITY LEGAL AID SOCAL

### Notes to the Financial Statements

(Continued)

(1) Summary of Significant Accounting Policies, (Continued)

(f) Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met in the reporting period in which the income and gains are recognized. Under provision of the LSC Investment Policy Guidelines adopted by the Board of Directors, authorized investments include: (1) U.S. treasury notes and bills; (2) Insured certificates of deposit; and (3) Repurchase agreements and money market funds that invest in other U.S. government securities. CLA SOCAL had no investments as of January 31, 2025.

(g) Land, Buildings, Furniture and Equipment, and Law Library

It is CLA SOCAL's policy to capitalize long-lived assets over \$5,000. Lesser amounts are expensed. Land, buildings, furniture and equipment, and law library are capitalized at cost (except for intangible right-to-use lease assets which the measurement is discussed hereafter). Buildings, furniture and equipment are depreciated on the straight-line method, using estimated useful lives of forty years for the buildings, three to ten years for the furniture and equipment, and three to five years on the law library software and books. Property and equipment acquired with grant or contract funds are considered to be owned by CLA SOCAL; however, the grantors retain certain interest in the equipment with respect to the use or disposition of such assets.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

(h) Impairment of Long-Lived Assets

CLA SOCAL evaluates long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If the estimated future cash-flows (undiscounted and without interest charges) from the use of an asset are less than the carrying value, a write-down would be recorded to reduce the related asset to its estimated fair value.

## COMMUNITY LEGAL AID SOCAL

### Notes to the Financial Statements

(Continued)

#### (1) Summary of Significant Accounting Policies. (Continued)

##### (i) Fair Value of Financial Instruments

CLA SOCAL follows guidance issued by the ASC 820 *Fair Value Measurements*, which establishes a framework for measuring fair value, clarifies the definition of fair value within that framework, and expands disclosures about the use of fair value measurements. This guidance applies whenever fair value is the applicable measurement. This guidance establishes a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair values into Levels 1, 2, and 3. Level 1 inputs consist of unadjusted quoted prices in active markets for identical instruments and have the highest priority. Level 2 inputs include quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or inputs other than quoted prices that are directly or indirectly observable. Level 3 inputs are unobservable and are given the lowest priority.

CLA SOCAL's financial instruments, including cash and cash equivalents, grants receivable, other receivables, and accounts payable and accrued liabilities are carried at cost, which approximates fair value because of the short-term nature of these instruments.

##### (j) Contribution Revenue and Receivable

In accordance with ASC 958, contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any grantor/ donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a 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 statements of activities as net assets released from restrictions. Conditional contributions are recognized when the conditions on which they depend are substantially met. A portion of CLA SOCAL's revenue is derived from fee-for-service and cost reimbursement grants, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Cash advances from granting agencies and/ or third parties for services not yet performed or conditions not yet met are included as an advance liability. Contributions receivable that are expected to be collected within one year are recorded at net realizable value. Contributions receivable that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the contributions are received. Discount amortization is included in contribution revenue.

## COMMUNITY LEGAL AID SOCAL

### Notes to the Financial Statements

(Continued)

(1) Summary of Significant Accounting Policies. (Continued)

(k) Revenues from Contracts with Customers – Lawyer Referral Fees, Settlements, and Dues

CLA SOCAL's revenues from contracts with customers are generated from membership dues, attorney referral and legal settlement services all of which do not create an asset with an alternative use for CLA SOCAL.

Membership dues revenue are recognized over the membership and registration periods, which are generally one year. The performance obligation consists of providing members access to continuing legal education, sessions, certain publications, and other information, and is recognized ratably as services are simultaneously received and consumed by the members.

Revenue derived from lawyer referral consists of providing referral services to customers for representation in cases. Payment is contingent on cases closing or settling. As a result, revenue is recognized at a point in time, when payment is received from the referred lawyer or related law firm after the case is closed or settled.

The performance obligation for legal settlement services consists of providing legal services to customers during a one-time session or a series of sessions for a legal settlement. The payment for services rendered is dependent on the settlement award and is typically not agreed upon prior to entering into services. The payment for services rendered is dependent on the settlement award and is typically not agreed upon prior to entering into services. As a result, revenues for the performance obligation are recognized at a point in time, when the award is paid.

(l) Donated Services

Donated services of \$516,386 for the year ended January 31, 2025 have been recorded as both revenues and program expenses and represent the approximate fair value of legal services and research, and other specialized skills provided by individuals possessing these skills, and would typically need to be purchased if not provided.

(m) Functional Expense Allocations

Costs of providing CLA SOCAL's programs and other activities have been presented in the statement of functional expenses. Accordingly, certain costs have been allocated between the program and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include: Personnel expenses; Rent – office and equipment; Utilities and telephone; Office supplies and maintenance; Accounting and audit; Transportation and travel; Insurance; Travel; Dues and fees; Interest; Depreciation; and Others, and are allocated based on time and effort.

## COMMUNITY LEGAL AID SOCAL

### Notes to the Financial Statements

(Continued)

(1) Summary of Significant Accounting Policies. (Continued)

(n) Accrued Vacation

CLA SOCAL's policy is to record accumulated vacation when earned. As of January 31, 2025, the accrued vacation liability was \$594,157.

(o) Income Taxes of CLA SOCAL

CLA SOCAL is a tax-exempt organization under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701(d) and files all federal and state information returns required by law. CLA SOCAL's Forms 990, *Return of Organization Exempt from Income Tax*, for the years ending in years 2024, 2023, and 2022 are subject to examination by the IRS, generally for three years after they were filed.

(p) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

(q) Comparative Totals

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with CLA SOCAL's financial statements for the year ended January 31, 2024 from which the summarized information was derived.

(r) Reclassifications

For comparability purposes, certain amounts in the 2024 financial statements have been reclassified to conform to the 2025 classifications. These reclassifications have no effect on reported change in net assets.

(s) Measure of Operations

The statements of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to CLA SOCAL's ongoing program services and interest and deposits. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature. CLA SOCAL had no nonoperating activities for the year ended January 31, 2025.



## COMMUNITY LEGAL AID SOCAL

### Notes to the Financial Statements

(Continued)

#### (1) Summary of Significant Accounting Policies. (Continued)

##### (t) Lease Payable

The Organization is a lessee for a noncancellable lease of office space which was classified as an operating lease. The Organization recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the financial statements. The Organization recognizes lease liabilities with an initial, individual value of \$25,000 or more. At the commencement of a lease, the Organization initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, lease expense is calculated as the sum of the lease payments plus initial direct costs and is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the Organization determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments. The Organization uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Organization generally uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments. The Organization monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported with other fixed assets, and lease liabilities are reported with long-term debt on the Statement of Financial Position.

#### (2) Summary of Grant Funding

A summary of CLA SOCAL's grant revenues for the year ended January 31, 2025 are summarized as follows:

LSC - Basic Grant	\$4,639,987
Title IIIB Office on Aging - Senior Advocacy	777,061
State Bar – IOLTA	2,724,438
State Bar - Equal Access, EA Partnership,	2,176,610
LACEDP	1,214,555
County of Los Angeles - CalWORKS	805,128
CAL OES	322,063
Others	2,006,292
Total	<u>\$14,666,134</u>

## COMMUNITY LEGAL AID SOCAL

### Notes to the Financial Statements

(Continued)

#### (2) Summary of Grant Funding (continued)

In addition to the grant revenues recognized above, CLA SOCAL also received a technology and pro bono grants from LSC in the amount of \$95,385 and \$156,851, respectively, for the year ended January 31, 2025.

Grants receivable from the various granting agencies as of January 31, 2025 was \$1,069,640, the majority of which was collected subsequent to January 31, 2025.

#### (3) Private Attorney Involvement Contracts

CLA SOCAL entered into a contract with Bradford Calvin which provided annual funds to in the amount of \$12,205 for bankruptcy (which related to private attorney involvement) for fiscal year ended January 31, 2025.

#### (4) Land, Buildings, Furniture and Equipment and Law Library

Land, buildings, furniture and equipment and law library consisted of the following at January 31, 2025:

Land	\$2,862,150
Leasehold improvements	2,164,461
Building	1,419,715
Right to use lease asset	707,565
Furniture and equipment	510,900
Accumulated depreciation	<u>(2,683,788)</u>
	<u>\$4,981,003</u>
Law Library	\$ 323,795
Accumulated depreciation	<u>(323,795)</u>
	<u>\$ -</u>

Total depreciation expenses for the year ended January 31, 2025 was \$138,137.

Improvements, furniture and equipment and law library purchased with LSC funds consisted of the following at January 31, 2025:

	<u>LSC</u>
Leasehold improvements	\$ 106,859
Furniture and equipment	226,075
Accumulated depreciation	<u>(308,890)</u>
	<u>\$24,044</u>
Law Library	\$ 279,042
Accumulated depreciation	<u>(279,042)</u>
	<u>\$ -</u>

## COMMUNITY LEGAL AID SOCAL

### Notes to the Financial Statements

(Continued)

(5) Private Attorney Involvement and LSC Fund Net Assets

LSC requires that an amount equal to 12.5% of its current grant be utilized for Private Attorney Involvement (PAI). To meet this requirement, CLA SOCAL is involved in a private attorney program in Orange County and southeast Los Angeles in addition to its contracts with PLC, JIE, and CLI (see Note 3). CLA SOCAL's private attorney involvement requirement and the related expenses during the year ended January 31, 2025 are summarized as follows:

LSC basic grant revenue recognized	\$4,639,987
	<u>x12.5%</u>
LSC PAI requirement	<u>579,998</u>
LSC PAI expenses:	
Personnel salaries (lawyers, paralegals, clerical)	435,778
Payroll taxes and employee benefits	121,392
Insurance and other PAI activities	<u>51,108</u>
	<u>608,278</u>
Non-LSC fund PAI expenses:	
Personnel salaries (lawyers, paralegals, clerical)	77,661
Payroll taxes and employee benefits	22,180
Other PAI contracts	<u>18,296</u>
	<u>118,137</u>
Total PAI expenses	<u>726,415</u>
Net funds expensed in (excess) of requirement	<u>\$ (146,417)</u>

During the year ended January 31, 2025, PAI net expenses amounted to \$146,417 in excess of the 12.5% PAI requirement, hence, the requirement was met.

LSC also requires that it be advised of any net asset (i.e. fund balance) amount in excess of 10% of support in accordance with 45 CFR 1628.2a. In the LSC fund, LSC net assets calculated to be negative (7.24%) and negative (7.76%) which were under the 10% of support requirement for fiscal years ended January 31, 2025 and January 31, 2024, respectively.

## COMMUNITY LEGAL AID SOCAL

### Notes to the Financial Statements

(Continued)

#### (6) Mortgage Notes Payable

During fiscal year 2021, CLA SOCAL refinanced its two mortgage notes for the Santa Ana buildings. As of January 31, 2025, the total mortgage notes payable for the two notes was \$1,572,081. The notes are all collateralized by first trust deeds on the two respective buildings. Each note has a 20 year term and a fixed interest rate of 3.35%. The notes are payable in monthly installments of principal and interest, ranging from \$4,486 to \$16,532 with all notes expiring in 2041. CLA SOCAL is required to meet the annual debt service requirement of 1.15. For the year ended January 31, 2025, the actual debt service ratio was (-.18).

The schedule principal payments on mortgage notes payable are as follows:

	<u>Santa Ana</u>	<u>Santa Ana Annex</u>	<u>Totals</u>
<u>Year ending January 31:</u>			
2026	\$ 159,451	43,272	202,723
2027	164,869	44,742	209,611
2028	170,471	46,262	216,733
2029	176,194	47,815	224,009
2029	182,249	49,458	231,707
Thereafter	<u>383,283</u>	<u>104,015</u>	<u>487,298</u>
Totals	<u>\$1,236,517</u>	<u>335,564</u>	<u>1,572,081</u>
Less current portion	<u>(159,451)</u>	<u>(43,272)</u>	<u>(202,723)</u>
Long-term portion	<u>\$ 1,077,066</u>	<u>292,292</u>	<u>1,369,358</u>

#### (7) Commitments and Other 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 CLA SOCAL 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.

CLA SOCAL is also subject to legal proceedings, claims, and assessments which arise in the ordinary course of its business. In the opinion of management, the amount of ultimate liability with respect to these actions, should they occur, will not materially affect the CLA SOCAL's financial statements.

## COMMUNITY LEGAL AID SOCAL

### Notes to the Financial Statements

(Continued)

(8) Line of Credit

CLA SOCAL had a bank line of credit that provided for maximum borrowings of \$400,000, secured by a second lien on real property (Santa Ana), at an interest rate equal to the prime index rate plus a 0.25% margin or the floor rate of 2.5%, whichever is greater. The line matures in January 2025. There was no balance outstanding as of January 31, 2025.

(9) Lease Obligations for Equipment

CLA SOCAL rents certain equipment on a month to month basis. For the year ended January 31, 2025, rent expense for the equipment was \$4,602.

(10) Net Assets with Donor Restrictions

During the year ended January 31, 2025, there were no net assets with donor restrictions that were released to net assets without donor restrictions as a result of the satisfaction of grantor imposed restrictions. Net assets with donor restrictions as of January 31, 2025, was \$0.

(11) Revenues from Contracts with Customers

Revenue is disaggregated by timing of satisfaction of performance obligations. For the year ended January 31, 2025, performance obligations were satisfied as follows:

At a point in time	<u>\$185,487</u>
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Revenue from performance obligations satisfied at a point in time consists of settlement services. There were no contract assets or liabilities for the year ended January 31, 2025.

## COMMUNITY LEGAL AID SOCAL

### Notes to the Financial Statements

(Continued)

#### (12) Retirement Plan

CLA SOCAL has a defined contribution 401(k) profit sharing plan covering all eligible employees who have met the eligibility requirement (completed six months of service and are 18 years or older). Once eligible, participants may begin deferring a portion of their compensation on February 1 or August 1. Employees can contribute up to \$23,500 and \$23,000 of pre-tax compensation for calendar years 2025 and 2024, respectively, and their contributions are 100% vested. Participants ages 50 or older may elect to defer additional amounts (called "catch-up" contributions). The maximum "catch-up" contribution that can be made is \$7,500 for calendar years 2025 and 2024.

The Retirement Plan is referred to as a "Safe Harbor 401(k) Plan." Employer contributions are fully vested and are referred to as Non-elective Contributions subject to certain Internal Revenue Service limitations. Eligible employees receive an annual Safe Harbor Contribution equal to 3% of their compensation. CLA SOCAL may also make a discretionary profit sharing contribution. During the year ended January 31, 2025, the Board of Directors approved a discretionary contribution of 1.5% . C L A S O C A L contributions are made monthly. Total employer contributions were \$446,037 for the year ended January 31, 2025.

#### (13) Other Expenses

Included in other expenses for the year ended January 31, 2025 are the following amounts:

	<u>LSC Basic Grant</u>	<u>Other Funds</u>	<u>Totals</u>
Professional contract services	\$121,227	378,829	500,056
Staff training	26,923	107,693	134,616
Advertising/ marketing outreach	20,467	-	20,467
Event venue	115,549	-	115,549
Repairs and maintenance	-	-	-
Publications and subscriptions	4,577	3,718	8,295
Sundry and related items	11,983	8,648	20,631
Taxes and licenses	297	5,426	5,723
Software license and consultation	87,689	51,123	138,812
Computer telephone	4,200	926	5,126
CARES Act relief	-	39,885	39,885
Bank fees/ payroll processing	<u>35,470</u>	<u>20,219</u>	<u>55,689</u>
Totals	<u>\$428,382</u>	<u>616,467</u>	<u>1,044,849</u>

## COMMUNITY LEGAL AID SOCAL

### Notes to the Financial Statements

(Continued)

#### (14) Grant Funding Concentrations and Uncertainties

CLA SOCAL has received significant funding from LSC. LSC funding represented approximately 30% of CLA SOCAL's total support and revenues (less donated services) for the year ended January 31, 2025. Due to potential reductions in federal funding to LSC, future funding to CLA SOCAL may be reduced. Although management is reviewing alternatives for continuing operations, if grants are reduced, any reduction may impact the future operations of CLA SOCAL. CLA SOCAL received a grant contract from LSC for funding through December 31, 2025 in the amount of \$4,477,012. Additionally, it is the intent of CLA SOCAL to bid for LSC funding through December 31, 2026. Actual funding amounts are dependent upon amounts allocated by the United States Congress to LSC. No amounts have been recorded as pledges receivable for any amount of grant awards from LSC.

CLA SOCAL also receives multi-year grant funding from various sources which are recorded in the period pledged. However, expenditures related to those grants can occur over several years. As a result, timing differences are created which can have an affect on changes in net assets.

#### (16) Compliance with Laws and Regulations

By accepting subrecipient funds from LSC and other federal grants, CLA SOCAL is required to comply with certain laws and regulations provided for in the *Code of Federal Regulations (45 CFR Part 1600) – Legal Services Corporation Act* established by the United States Congress and 2 CFR 200, respectively. Management believes that it has complied with such laws and regulations.

#### (17) Leases Payable

In June of 2022, the Organization entered into an operating lease agreement as lessee for the acquisition and use of office space in Norwalk, CA with a term of 5 years. The initial lease liability for all four offices was recorded in the amount of \$707,565 during the current fiscal year. As of January 31, 2025, the value of the lease liability was \$389,108. The total rent expenses associated with the lease was \$446,909 for the year ended January 31, 2025.

The Organization is required to make monthly principal and interest payments ranging from approximately \$11,045 to \$13,959 for the office space. The lease has an estimated interest rate of 3.0%. The office space has an estimated useful life of 5 years. The value of the right-to-use asset, net as of January 31, 2025 was \$317,783 (\$707,565 less accumulated amortization of \$389,782).

## COMMUNITY LEGAL AID SOCAL

### Notes to the Financial Statements

(Continued)

The following future principal and interest on the leases payable for January 31 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$138,327	11,673	150,000
2027	142,477	7,523	150,000
2028	108,304	3,249	111,553
Total	<u>\$389,108</u>	<u>22,445</u>	<u>411,553</u>

#### (18) Availability and Liquidity

The following represents CLA SOCAL's financial assets at January 31, 2025:

Financial assets at year end:

Cash and cash equivalents	\$5,378,106
Contributions receivable	1,069,640
Other receivables	<u>22,718</u>
Total financial assets	<u>6,470,464</u>

Less amounts not available  
to be used within 1 year:

Net assets with donor restrictions	-
Less net assets with purpose restrictions to be met within one year	<u>(-)</u>
Subtotal	<u>-</u>

Financial assets available to meet  
general expenses over the next  
12 months:

\$6,470,464

CLA SOCAL's goal is generally to maintain financial assets to meet 90 days of operating expenses (approximately \$4.4M). As part of its liquidity plan, CLA SOCAL only maintains liquid and deposits and money market savings in order to meet cash flow needs.



## COMMUNITY LEGAL AID SOCIAL

### Notes to the Financial Statements

(Continued)

#### (19) New Accounting Pronouncements

For the year ended January 31, 2025, the Organization adopted Financial Accounting Standards Board, Accounting Standards Update ("ASU ") No. 2016-13, *Financial Instruments – Credit Losses (Topic 326)*, with subsequent improvements issued in ASU 2018-19, that requires credit losses on most financial assets be measured at amortized cost and certain other instruments, including trade receivables, be measured using an expected credit loss model. Further, the ASU makes certain targeted amendments to the existing impairment model for available-for sale debt securities. The pronouncement did not have a significant impact on the Organization's financial statements.

#### (20) Subsequent Events

Management has evaluated subsequent events through May 24, 2025, the date the financial statements were available to be issued.

**SUPPLEMENTARY SCHEDULES**

**COMMUNITY LEGAL AID SOCAL**  
**Combining Schedule of Financial Position**  
January 31, 2025  
(with comparative totals as of January 31, 2024)

	Legal Services Corporation	Senior Advocacy Program	State Bar of California	
			IOLTA	Equal Access and Others
<u>Assets</u>				
Current assets:				
Cash and cash equivalents	\$ 569,419	-	1,085,321	154,386
Client trust deposits	21	-	-	-
Contribution grants receivable	160,352	46,709	-	-
Other receivables (claim)	36,972	(548)	(1,621)	(4,209)
Interfund receivable	-	-	-	-
Prepaid expenses and other assets	61,690	-	13,590	(39,437)
Total current assets	828,454	46,161	1,097,290	110,740
Non-current assets:				
Land, buildings, furniture and equipment, net	24,044	-	-	-
Law library, net	-	-	-	-
Total non-current assets	24,044	-	-	-
Total assets	\$ 852,498	46,161	1,097,290	110,740
<u>Liabilities and Net Assets</u>				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 125,871	6,169	101,197	28,462
Client trust liability	-	-	-	-
Interfund payable	-	10,373	-	-
Current portion of lease payable	-	-	-	-
Current portion of mortgage notes payable	-	-	-	-
Client trust deposits	-	-	-	-
Accrued vacation	247,765	24,600	242,688	47,820
Advance funding:				
LSC - Basic grant	746,168	-	-	-
LSC - TIG and Pro Bono grant	-	-	-	-
Other participating granting agencies	-	-	956,565	100,388
Total current liabilities	1,119,804	41,142	1,300,450	176,670
Long-term liabilities:				
Mortgage notes payable	-	-	-	-
Lease liability	-	-	-	-
Total long-term liabilities	-	-	-	-
Total liabilities	1,119,804	41,142	1,300,450	176,670
Net assets:				
Without donor restrictions:				
Undesignated	(267,306)	5,019	(203,160)	(65,930)
With donor restrictions	-	-	-	-
Total net assets	(267,306)	5,019	(203,160)	(65,930)
Total liabilities and net assets	\$ 852,498	46,161	1,097,290	110,740

(continued)

(continued)

	Community Legal Aid SoCal			Totals	
	Other Grants	Building	Eliminations	2025	2024
<u>Assets</u>					
Current assets:					
Cash and cash equivalents	\$ 3,144,920	419,320	-	5,373,366	5,454,471
Client trust deposits	4,719	-	-	4,740	4,760
Contribution grants receivable	862,579	-	-	1,069,640	1,706,641
Other receivables (claim)	(9,326)	1,450	-	22,718	11,057
Interfund receivable	10,373	-	(10,373)	-	-
Prepaid expenses and other assets	47,879	30,523	-	114,245	150,382
Total current assets	4,061,144	451,293	(10,373)	6,584,709	7,327,311
Non-current assets:					
Land, buildings, furniture and equipment, net	-	4,956,959	-	4,981,003	5,260,653
Law library, net	-	-	-	-	-
Total non-current assets	-	4,956,959	-	4,981,003	5,260,653
Total assets	\$ 4,061,144	5,408,252	(10,373)	11,565,712	12,587,964
<u>Liabilities and Net Assets</u>					
Current liabilities:					
Accounts payable and accrued liabilities	\$ 243,531	4,400	-	509,630	280,587
Client trust liability	5,000	-	-	5,000	5,000
Interfund payable	-	-	(10,373)	-	-
Current portion of lease payable	-	138,327	-	138,327	134,298
Current portion of mortgage notes payable	-	202,723	-	202,723	195,902
Client trust deposits	-	-	-	-	-
Accrued vacation	31,284	-	-	594,157	530,571
Advance funding:					
LSC - Basic grant	-	-	-	746,168	387,900
LSC - TIG and Pro Bono grant	-	-	-	-	-
Other participating granting agencies	32,061	-	-	1,089,014	845,596
Total current liabilities	311,876	345,450	(10,373)	3,285,019	2,379,854
Long-term liabilities:					
Mortgage notes payable	-	1,369,358	-	1,369,358	1,572,081
Lease liability	-	250,781	-	250,781	389,108
Total long-term liabilities	-	1,620,139	-	1,620,139	1,961,189
Total liabilities	311,876	1,965,589	(10,373)	4,905,158	4,341,043
Net assets:					
Without donor restrictions:					
Undesignated	3,749,268	3,442,663	-	6,660,554	8,246,921
With donor restrictions	-	-	-	-	-
Total net assets	3,749,268	3,442,663	-	6,660,554	8,246,921
Total liabilities and net assets	\$ 4,061,144	5,408,252	(10,373)	11,565,712	12,587,964

**COMMUNITY LEGAL AID SOCAL**  
**Combining Schedule of Support, Revenues, Expenses, and Changes in Net Assets**  
Year Ended January 31, 2025  
(with comparative totals for the year ended January 31, 2024)

	Legal Services Corporation	Senior Advocacy Program	State Bar of California	
			IOLTA	Equal Access and Others
Support and revenue:				
Contributions-Grants	\$ 4,639,987	777,061	2,724,438	2,176,610
Contributions-Technology grants - TIG - LSC	95,385	-	-	-
Contributions-Pro bono grant - LSC	156,851	-	-	-
Contributions-Covid 19 - LSC	-	-	-	-
Investment income	146,535	-	-	-
Donated services	49,066	30,851	-	-
Contributions- other	-	-	-	-
Special event income -Justice Served	-	-	-	-
Rental income	-	-	-	-
Payroll protection grant debt forgiveness	-	-	-	-
Derivative income	-	-	-	-
Referral fees and miscellaneous income	-	-	-	-
Total support and revenue	<u>5,087,824</u>	<u>807,912</u>	<u>2,724,438</u>	<u>2,176,610</u>
Personnel expenses:				
Lawyers	722,816	317,218	1,234,144	803,681
Paralegals	742,575	139,194	545,804	555,801
Other nonlawyers	725,228	100,272	358,484	328,354
Donated services	49,066	30,851	-	-
Payroll taxes and employee benefits	778,930	118,498	504,971	426,090
Total personnel expenses	<u>3,018,615</u>	<u>706,033</u>	<u>2,643,403</u>	<u>2,113,926</u>
Other expenses:				
Office rent and maintenance	329,393	16,345	54,127	41,929
Equipment rental	3,294	-	676	318
Office supplies and equipment	124,107	4,095	30,878	24,703
Telephone	145,784	4,106	41,808	29,920
Program travel	14,990	2,079	2,314	949
Conference travel	49,085	-	13,316	5,412
Library	51,347	1,965	15,889	12,298
Insurance	32,398	2,529	13,785	9,563
Auditing and accounting	14,864	1,353	6,680	8,540
Dues and fees	6,412	708	33,661	6,856
Litigation	23,595	-	6,633	2,614
Depreciation	8,111	-	-	-
LSC- Pro Bono	132,644	-	-	-
LSC- Technology expenses -TIG	64,723	-	-	-
Support to Public Law Center	-	-	-	-
Private attorney involvement	568,498	-	7,905	13,861
Interest	-	-	-	-
Special event expense - venue and other	-	-	-	-
Other	428,382	68,699	71,253	90,678
Total other expenses	<u>1,997,627</u>	<u>101,879</u>	<u>298,925</u>	<u>247,641</u>
Total expenses	<u>5,016,242</u>	<u>807,912</u>	<u>2,942,328</u>	<u>2,361,567</u>
Increase (decrease) in net assets	71,582	-	(217,890)	(184,957)
Net assets (deficit) at beginning of year	<u>(338,888)</u>	<u>5,019</u>	<u>14,730</u>	<u>119,027</u>
Net assets (deficit) at end of year	<u>\$ (267,306)</u>	<u>5,019</u>	<u>(203,160)</u>	<u>(65,930)</u>

(continued)

(continued)

	Community Legal Aid SoCal			Totals	
	Other Grants	Building	Eliminations	2025	2024
Support and revenue:					
Contributions-Grants	\$ 4,348,038	-	-	14,666,134	14,256,028
Contributions-Technology grants - TIG - LSC	-	-	-	95,385	141,165
Contributions-Pro bono grant - LSC	-	-	-	156,851	52,284
Contributions-Covid 19 - LSC	-	-	-	-	-
Investment income	88,953	-	-	235,488	150,246
Donated services	436,469	-	-	516,386	521,530
Contributions- other	265,213	-	-	265,213	1,201,745
Special event income -Justice Served	138,294	-	-	138,294	139,081
Rental income	-	466,272	(466,272)	-	-
Payroll protection grant debt forgiveness	-	-	-	-	-
Derivative income	-	-	-	-	8,646
Referral fees and miscellaneous income	78,286	-	-	78,286	1,092,359
Total support and revenue	<u>5,355,253</u>	<u>466,272</u>	<u>(466,272)</u>	<u>16,152,037</u>	<u>17,563,084</u>
Personnel expenses:					
Lawyers	2,081,281	-	-	5,159,140	5,071,572
Paralegals	1,610,833	-	-	3,594,207	3,067,331
Other nonlawyers	482,773	-	-	1,995,111	1,861,729
Donated services	436,469	-	-	516,386	521,530
Payroll taxes and employee benefits	865,799	-	-	2,694,288	2,224,690
Total personnel expenses	<u>5,477,155</u>	<u>-</u>	<u>-</u>	<u>13,959,132</u>	<u>12,746,852</u>
Other expenses:					
Office rent and maintenance	224,193	247,194	(466,272)	446,909	389,669
Equipment rental	314	-	-	4,602	5,821
Office supplies and equipment	35,526	-	-	219,309	335,906
Telephone	210,196	-	-	431,814	273,028
Program travel	1,866	-	-	22,198	21,986
Conference travel	8,248	-	-	76,061	125,986
Library	12,731	-	-	94,230	109,162
Insurance	20,159	17,940	-	96,374	92,121
Auditing and accounting	6,063	-	-	37,500	37,992
Dues and fees	1,127	380	-	49,144	67,505
Litigation	3,600	-	-	36,442	29,923
Depreciation	-	130,026	-	138,137	135,212
LSC- Pro Bono	-	-	-	132,644	41,196
LSC- Technology expenses -TIG	-	-	-	64,723	152,111
Support to Public Law Center	-	-	-	-	-
Private attorney involvement	96,352	-	-	686,616	717,606
Interest	-	56,312	-	56,312	62,590
Special event expense - venue and other	141,408	-	-	141,408	88,450
Other	381,373	4,464	-	1,044,849	943,306
Total other expenses	<u>1,143,156</u>	<u>456,316</u>	<u>(466,272)</u>	<u>3,779,272</u>	<u>3,629,570</u>
Total expenses	<u>6,620,311</u>	<u>456,316</u>	<u>(466,272)</u>	<u>17,738,404</u>	<u>16,376,422</u>
Increase (decrease) in net assets	(1,265,058)	9,956	-	(1,586,367)	1,186,662
Net assets (deficit) at beginning of year	<u>5,014,326</u>	<u>3,432,707</u>	<u>-</u>	<u>8,246,921</u>	<u>7,060,259</u>
Net assets (deficit) at end of year	<u>\$ 3,749,268</u>	<u>3,442,663</u>	<u>-</u>	<u>6,660,554</u>	<u>8,246,921</u>

**COMMUNITY LEGAL AID SOCIAL**

**Schedule of Support, Revenue, Expenses and Changes in Net Assets for LSC Funds**

Year Ended January 31, 2025  
(with comparative totals for the year ended January 31, 2024)

	Basic Field Grant	Excess Carryover*	PAI	Other LSC Grants			Property	Totals	
				Pro Bono	TIG	Subtotal		2025	2024
Support and revenue:									
Contributions-Grants	\$ 4,639,987	-	-	-	-	-	-	4,639,987	4,705,423
Contributions-Technology grants - TIG - LSC	-	-	-	-	95,385	95,385	-	95,385	141,165
Contributions-Pro bono grant - LSC	-	-	-	156,851	-	156,851	-	156,851	52,284
Contributions-Covid 19 - LSC	-	-	-	-	-	-	-	-	-
Investment income	146,535	-	-	-	-	-	-	146,535	80,519
Donated services	-	-	49,066	-	-	-	-	49,066	51,624
Contributions	-	-	-	-	-	-	-	-	-
Rental income - interfund	-	-	-	-	-	-	-	-	-
Derivative income	-	-	-	-	-	-	-	-	8,646
Total support and revenue	4,786,522	-	49,066	156,851	95,385	252,236	-	5,087,824	5,039,661
Personnel expenses:									
Lawyers	722,816	-	283,332	77,365	-	77,365	-	1,083,513	1,116,350
Paralegals	742,575	-	72,316	8,925	-	8,925	-	823,816	804,509
Other nonlawyers	725,228	-	80,129	21,575	28,800	50,375	-	855,732	910,569
Donated services	-	-	49,066	-	-	-	-	49,066	51,624
Payroll taxes and employee benefits	778,930	-	121,392	17,763	6,319	24,082	-	924,404	760,661
Total personnel expenses	2,969,549	-	606,235	125,628	35,119	160,747	-	3,736,531	3,643,713
Other expenses:								3,585,899	3,557,412
Office rent and maintenance	329,393	-	-	-	-	-	-	329,393	428,049
Equipment rental	2,647	-	647	-	-	-	-	3,294	4,240
Office supplies and equipment	116,704	-	7,403	1,465	-	1,465	-	125,572	133,057
Telephone	136,341	-	9,443	-	-	-	-	145,784	125,430
Program travel	14,990	-	-	272	-	272	-	15,262	18,069
Conference travel	49,085	-	-	3,058	6,259	9,317	-	58,402	65,200
Library	51,347	-	-	561	-	561	-	51,908	69,327
Insurance	18,900	-	13,498	-	-	-	-	32,398	40,248
Auditing and accounting	14,141	-	723	-	-	-	-	14,864	6,567
Dues and fees	6,412	-	-	224	-	224	-	6,636	22,459
Litigation	23,595	-	-	754	-	754	-	24,349	25,032
Support to Public Law Center	-	-	-	-	-	-	-	-	-
Private attorney involvement	-	-	-	-	-	-	-	-	11,195
Depreciation	-	-	-	-	-	-	8,111	8,111	5,661
Other	420,316	-	19,395	682	23,345	24,027	-	463,738	464,134
Total other expenses	1,183,871	-	51,109	7,016	29,604	36,620	8,111	1,279,711	1,418,668
Total expenses	4,153,420	-	657,344	132,644	64,723	197,367	8,111	5,016,242	5,062,381
Increase (decrease) in net assets	633,102	-	(608,278)	24,207	30,662	54,869	(8,111)	71,582	(22,720)
Other changes in net assets/ cash inflows (outflows):									
PAI	(608,278)	-	608,278	-	-	-	-	-	-
Purchase of property, equipment and software	-	-	-	-	-	-	-	-	-
Payment of debt principal	-	-	-	-	-	-	-	-	-
Transfer of proceeds from / returned to LSC	-	-	-	-	-	-	-	-	-
Total changes in net assets/ unearned revenue	24,824	-	-	24,207	30,662	54,869	(8,111)	71,582	(22,720)
LSC Net assets/ unearned:									
LSC Net assets/ unearned at beginning of year	(371,182)	-	-	11,086	(10,947)	139	32,155	(338,888)	(316,168)
LSC Net assets/ unearned at end of year	\$ (346,358)	-	-	35,293	19,715	55,008	24,044	(267,306)	(338,888)

\*- LSC basic field grant net assets did not exceed the 10% of support requirement for the year ended January 31, 2024 per 45CFR 1628.2a

**SINGLE AUDIT REPORT ON SCHEDULE OF EXPENDITURES OF  
FEDERAL AWARDS**



Board of Directors  
Community Legal Aid SoCal  
Santa Ana, California

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Community Legal Aid SoCal (CLA SOCAL), as of and for the year ended January 31, 2025, and the related notes to the financial statements, which collectively comprise CLA SOCAL's basic financial statements, and have issued our report thereon dated May 24, 2025.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered CLA SOCAL's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of CLA SOCAL's internal control. Accordingly, we do not express an opinion on the effectiveness of CLA SOCAL's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether CLA SOCAL's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. Such provisions included those provisions of laws and regulations provided for in the *Code of Federal Regulations (45 CFR Part 1600) – Legal Services Corporation Act* established by the United States Congress. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### ***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**Gruber and Lopez, Inc.**

*Gruber and Lopez, Inc.*

Newport Beach, California  
May 24, 2025

Board of Directors  
Community Legal Aid SoCal  
Santa Ana, California

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

We have audited Community Legal Aid SoCal's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Community Legal Aid SoCal's major federal programs for the year ended January 31, 2025. Community Legal Aid SoCal's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Community Legal Aid SoCal complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended January 31, 2025.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and on the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the *Code of Federal Regulations* (45 CFR Part 1600) – *Legal Services Corporation Act*. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Community Legal Aid SoCal and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Community Legal Aid SoCal's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Community Legal Aid SoCal's federal programs.

***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Community Legal Aid SoCal's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Community Legal Aid SoCal's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Community Legal Aid SoCal's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Community Legal Aid SoCal's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Community Legal Aid SoCal's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

#### **Report on Internal Control over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

**Gruber and Lopez, Inc.**

*Gruber and Lopez, Inc.*

Newport Beach, California  
May 24, 2025

**COMMUNITY LEGAL AID SOCIAL**

**Schedule of Expenditures of Federal Awards**

**Year Ended January 31, 2025**

<b>Federal Grantor Program Title/ Pass-through Grantor</b>	<b>Federal Assistance Listing Number</b>	<b>Program Identification Number</b>	<b>Grant Period</b>	<b>Total Award</b>	<b>Federal Award Expenditures</b>
<b>Major Program</b>					
<b>Legal Services Corporation</b>					
Legal Services Corporation for low income - basic grant	09.805310	GT-00917	01/01/2024 - 12/31/2024	4,654,803	\$ 4,654,803
Legal Services Corporation for low income - basic grant	09.805310		01/01/2025 - 12/31/2025	4,477,012	115,006.00
Pro Bono Innovation Fund (PBIF)	09.805310	PB18022	10/01/2023 - 09/30/2025	313,702	132,644
Technology Innovation Grant (LMC)	09.805310	GT-TG21G-00011	11/1/2021-10/31/2024	114,668	35,085
Technology Innovation Grant (Mapping)	09.805310	GT-GT22G-00655	12/1/2022-11/30/2025	203,825	<u>29,638</u>
<b>Subtotal - Legal Services Corporation - Listing #09.805310</b>					<b><u>4,967,176 *</u></b>
<b>U.S. Department of Health and Human Services:</b>					
Pass-through: CA Department on Aging to County of Orange Community Services Agency					
Special Programs for the Aging-Title IIIB - Supportive Service:	93.044	20-27-0045	07/01/2023 - 06/30/2024	385,615	176,325
Special Programs for the Aging-Title IIIB - Supportive Service:	93.044	MA 012-24011303	07/01/2024 - 06/30/2025	355,467	<u>259,529</u>
<b>Subtotal-Special Programs for the Aging-Title IIIB</b>					<b><u>435,854</u></b>
Pass-through: CA Department on Aging to County of Orange Community Services Agency					
Special Programs for the Aging-Title IIIB - Supportive Service:	93.044	MA-012-23010014	10/1/2023-9/30/2024	136,749	<u>104,922</u>
<b>Subtotal -County of Orange Community Services Agency - Listing #93.044</b>					<b><u>540,776</u></b>
Pass-through: CA Department of Social Services to Los Angeles County Department of Public Health					
Temporary Assistance for Needy Families (TANF) (CalWORKs	93.558	PH-004236	07/01/2023 - 06/30/2024	805,128	358,731
Temporary Assistance for Needy Families (TANF) (CalWORKs	93.558	PH-004236	07/01/2024 - 06/30/2025	805,128	<u>471,588</u>
<b>Subtotal - CalWORKs - Domestic Violence Supportive Services - Listing #93.558</b>					<b><u>830,319</u></b>
<b>Subtotal -U.S. Department of Health and Human Services</b>					<b><u>1,371,095</u></b>
<b>U.S. Department of Housing and Urban Development:</b>					
Community Development Block Grants Cluster - pass-through:					
City of Compton Domestic Violence FY 23/24	14.218	B-23-MC-06-0515	07/01/2023-06/30/2024	20,000	5,060
City of Santa Ana Domestic Violence FY 23/24	14.218	B-23-MC-06-0508	07/01/2023-06/30/2024	27,090	10,647
City of Santa Ana Domestic Violence FY 24/25	14.218	B-24-MC-06-0508	07/01/2024-06/30/2025	35,718	19,490
City of Norwalk Community Legal Aid 23/24	14.218	B-23-MC-06-0524	07/01/2023-06/30/2024	18,000	4,945
City of Norwalk Community Legal Aid 23/24	14.218	B-24-MC-06-0524	07/01/2024-06/30/2025	18,827	2,396
City of Anaheim Domestic Violence FY 23/24	14.218	N/A	07/01/2023-06/30/2024	10,000	4,843
City of Anaheim Domestic Violence FY 24/25	14.218	N/A	07/01/2024-06/30/2025	12,000	<u>6,000</u>
<b>Subtotal - Community Development Block Grants Cluster - Listing #14.218</b>					<b><u>53,380</u></b>
Home Investment Partnership Program:					
City of Costa Mesa HOME-ARP FY 23/24	14.239	N/A	07/01/2023-06/30/2024	250,000	104,827
City of Costa Mesa HOME-ARP FY 24/25	14.239	N/A	07/01/2024-06/30/2025	250,000	<u>18,771</u>
<b>Subtotal - Home Investment Partnership Program - Listing #14.239</b>					<b><u>123,598</u></b>
<b>Subtotal - U.S. Department of Housing and Urban Development</b>					<b><u>176,978</u></b>
<b>U.S. Department of Justice:</b>					
Pass-through CLA SoCal to Human Options (sub-grantee)					
Legal Assistance for Victims (Human Options)	16.524	15JOVW-23-GG-00504-LEGA	10/1/2023-9/30/2026	750,000	288,696
Pass-through: Rainbow Services, LTD.					
Legal Assistance for Victims (Rainbow Services)	16.524	15JOVW-21-GG-00408-LEGA	10/1/2021-9/30/2024	270,000	38,192
Legal Assistance for Victims (Rainbow Services)	16.524	15JOVW-21-GG-00069-LEGA	10/1/2024-9/30/2027	375,000	<u>17,627</u>
<b>Subtotal - Legal Assistance for Victims - Listing #16.524</b>					<b><u>344,514</u></b>
Pass-through: CA Governor's Office of Emergency Services					
Legal Assistance (XL)	16.575	XL 23 01 1109	1/1/2024-12/31/2024	214,000	196,164
Legal Assistance (XL)	16.575	XL24038001	1/1/2025-12/31/2025	214,000	153
Pass-through: CAL OES and Rainbow Services, LTD.					
Crime Victim Assistance (Rainbow)	16.575	XL 23 01 1339	1/1/2024-12/31/2024	105,103	95,787
Crime Victim Assistance (Rainbow)	16.575	XL24015901	1/1/2025-12/31/2025	105,013	<u>11,141</u>
<b>Subtotal - Crime Victim Assistance- Listing #16.575</b>					<b><u>303,245</u></b>
<b>Subtotal - U.S. Department of Justice</b>					<b><u>647,760</u></b>
<b>US Department of the Treasury</b>					
Pass-through: Los Angeles County Department of Consumer and Business Affairs (DCBA) to Legal Aid Foundation of Los Angeles					
Coronavirus State and Local Fiscal Recovery Funds American	21.027	CA-22-019	7/1/2023-6/30/2024	1,336,333	496,403
Coronavirus State and Local Fiscal Recovery Funds American	21.027	CA-22-019	7/1/2024-6/30/2025	1,206,941	<u>718,153</u>
<b>Subtotal - Department of Consumer and Business Affairs</b>					<b><u>1,214,556</u></b>
Pass-through: County of Los Angeles					
Coronavirus State and Local Fiscal Recovery Funds American	21.027	PH-004938	07/01/2023-06/30/2024	400,000	<u>79,152</u>
Pass-through: State Bar of California					
Coronavirus State and Local Fiscal Recovery Funds American	21.027	HP RFP	1/1/2022-12/31/2024	1,068,399	382,572
Coronavirus State and Local Fiscal Recovery Funds American	21.027	HP Formula	12/01/2021-12/31/2024	1,743,515	<u>644,319</u>
<b>Subtotal - United States Department of Treasury - Coronavirus State and Local Fiscal Recovery Funds American Rescue Plan - Listing #21.027</b>					<b><u>2,320,599</u></b>
<b>TOTAL Federal Awards</b>					<b><u>\$ 9,483,607</u></b>

\* - Denotes major program.

## COMMUNITY LEGAL AID SOCAL

### Notes to the Schedule of Expenditures of Federal Awards

January 31, 2025

(1) Summary of Significant Accounting Policies Applicable to the Schedule of Expenditures of Federal Awards

(a) Scope of Presentation

The accompanying schedule presents only the expenditures incurred by the Community Legal Aid SoCal (CLA SOCAL) that are reimbursable under federal programs of federal agencies providing financial assistance. For purposes of this schedule, financial assistance includes both federal financial assistance received directly from a federal agency and expended, as well as federal funds received indirectly by CLA SOCAL from a non-federal agency and expended. Only the portion of program expenditures reimbursable with such federal funds are reported in the accompanying schedule. Program expenses in excess of the maximum federal reimbursement authorized or the portion of program expenses that were funded with state, local or other non-federal funds are excluded from the accompanying schedule.

(b) Basis of Accounting

The expenditures included in the accompanying schedule were reported on the accrual basis of accounting. Expenditures reported include any property or equipment acquisitions incurred under the Federal program. The accompanying schedule of expenditures of federal awards is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Office of Management and Budget Uniform Grant Guidance).

(c) Subrecipients

There were no payments to subrecipients for the fiscal year ended January 31, 2025.

(d) De Minimus Indirect Cost Rate

CLA SOCAL elected to use the 10% de minimus indirect cost rate.

**COMMUNITY LEGAL AID SOCIAL**  
**Schedule of Findings and Questioned Costs**  
**Year ended January 31, 2025**

Summary of Auditors' Results

A) Findings Related to the Financial Statements which are Required to be Reported in Accordance with GAGAS

1. An unmodified report was issued by the auditors on the financial statements of the auditee.
2. There were no material weaknesses in internal control nor were there any significant deficiencies.
3. The audit disclosed no noncompliance which is material to the financial statements of the auditee.

(B) Findings and Questioned Costs for Federal Awards as Defined in 2 CFR 200.515(d) and 2CFR 200.516(a)

4. There were no material weaknesses or other significant deficiencies in internal control over federal major programs of the auditee.
5. An unmodified report was issued by the auditors on compliance for federal major programs.
6. The audit disclosed no audit findings required by the auditors to be reported under 2 CFR 200.515(d) and CFR 200.516(a).
7. The major program of the auditee was the Legal Services Corporation Program-assistance listing No. 09.805310.
8. The dollar threshold used to distinguish Type A and Type B programs was \$750,000, 2 CFR 200.518 (b) (1).
9. The auditee was not considered a low risk auditee as defined by 2 CFR 200.518 for the year ended January 31, 2025 for purposes of determining major programs.

**COMMUNITY LEGAL AID SOCAL**

**Summary Schedule of Prior Audit Findings**

Year ended January 31, 2025

There were no findings reported in the single audit report for the year ended January 31, 2024 that required follow up procedures.