National Center for LGBTQ Rights

Financial Statements

June 30, 2025
(With Comparative Totals for 2024)

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
National Center for LGBTQ Rights

Opinion

We have audited the accompanying financial statements of National Center for LGBTQ Rights, which comprise the statement of financial position as of June 30, 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 referred to above present fairly, in all material respects, the financial position of National Center for LGBTQ Rights as of June 30, 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. 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 National Center for LGBTQ Rights and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 National Center for LGBTQ Rights'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 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, including omissions, 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, 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 National Center for LGBTQ Rights'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 National Center for LGBTQ Rights'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 National Center for LGBTQ Rights's 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 14, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Armanino LLP

San Francisco, California

March 18, 2026

National Center for LGBTQ Rights
Statement of Financial Position
June 30, 2025
(With Comparative Totals for 2024)

	2025	2024
ASSETS		
Current assets		
Cash and cash equivalents	$ 3,153,743	$ 1,124,935
Investments	4,105,363	3,419,159
Other receivables	19,866	7,840
Current portion of contributions receivable	1,215,000	284,150
Prepaid expenses	118,812	106,780
Total current assets	8,612,784	4,942,864
Noncurrent assets		
Contributions receivable, net of current portion	30,000	25,000
Deposits and other assets	2,568	17,275
Operating lease right-of-use asset	84,681	167,949
Property and equipment, net	61,389	66,949
Total noncurrent assets	178,638	277,173
Total assets	$ 8,791,422	$ 5,220,037
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	$ 108,993	$ 78,341
Accrued expenses	330,248	266,433
Current portion of operating lease liability	26,339	173,002
Total current liabilities	465,580	517,776
Operating lease liability, net of current portion	58,545	-
Total liabilities	524,125	517,776
Net assets		
Without donor restrictions		
Undesignated	3,182,112	512,745
Board-designated	3,533,953	3,303,071
Total without donor restrictions	6,716,065	3,815,816
With donor restrictions	1,551,232	886,445
Total net assets	8,267,297	4,702,261
Total liabilities and net assets	$ 8,791,422	$ 5,220,037

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

National Center for LGBTQ Rights
Statement of Activities
For the Year Ended June 30, 2025
(With Comparative Totals for 2024)

	Without Donor Restrictions	With Donor Restrictions	2025 Total	2024 Total
Revenues, gains and other support				
Contributions	$ 5,949,195	$ 2,792,810	$ 8,742,005	$ 4,222,643
In-kind contributions	6,794,491	-	6,794,491	8,830,402
Fundraising and special events, net	77,346	-	77,346	8,869
Program service fees	12,600	-	12,600	18,536
Court awards	698,712	-	698,712	10,000
Dividends and interest, net	120,135	-	120,135	130,431
Realized and unrealized gain on investments	72,508	-	72,508	256,580
Other revenue	29,023	-	29,023	29,163
Net assets released from restriction	2,128,023	(2,128,023)	-	-
Total revenues, gains and other support	15,882,033	664,787	16,546,820	13,506,624
Functional expenses				
Program services	10,916,915	-	10,916,915	12,560,005
Management and general	1,037,096	-	1,037,096	1,476,724
Fundraising	797,773	-	797,773	687,086
Total functional expenses	12,751,784	-	12,751,784	14,723,815
Change in net assets from operations	3,130,249	664,787	3,795,036	(1,217,191)
Net loss on employee settlement	(230,000)	-	(230,000)	-
Change in net assets	2,900,249	664,787	3,565,036	(1,217,191)
Net assets, beginning of year	3,815,816	886,445	4,702,261	5,919,452
Net assets, end of year	$ 6,716,065	$ 1,551,232	$ 8,267,297	$ 4,702,261

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

National Center for LGBTQ Rights
Statement of Functional Expenses
For the Year Ended June 30, 2025
(With Comparative Totals for 2024)

	Program Services	Management and General	Fundraising	2025 Total	2024 Total
Personnel expenses	$ 3,100,281	$ 580,663	$ 587,407	$ 4,268,351	$ 4,248,929
Contract services	306,188	304,438	101,327	711,953	666,626
Operating expense	29,265	19,804	3,149	52,218	58,060
Information technology	82,160	10,355	46,245	138,760	188,986
Program expenses	94,433	647	719	95,799	63,122
Occupancy expense	214,558	76,731	44,363	335,652	328,846
Fundraising	-	-	8,384	8,384	23,839
Travel and meetings	76,522	7,612	2,988	87,122	148,066
Other business expenses	551	34,969	171	35,691	57,077
Fiscal sponsee expenses	223,363	-	-	223,363	125,435
In-kind legal services and donated goods	6,789,594	1,877	3,020	6,794,491	8,830,402
	$ 10,916,915	$ 1,037,096	$ 797,773	$ 12,751,784	$ 14,739,388

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

National Center for LGBTQ Rights
Statement of Cash Flows
For the Year Ended June 30, 2025
(With Comparative Totals for 2024)

	2025	2024
Cash flows from operating activities		
Change in net assets	$ 3,565,036	$ (1,217,191)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization expense	40,870	30,750
Realized and unrealized gain on investments	(72,508)	(256,580)
Amortization of operating lease right-of-use asset	174,580	178,217
Changes in operating assets and liabilities		
Other receivables	(12,026)	(629)
Contributions receivable	(935,850)	305,271
Prepaid expenses	(12,032)	(70,660)
Deposits	14,707	-
Accounts payable	30,652	10,731
Accrued expenses	63,815	(157)
Deferred revenue	-	184
Operating lease liability	(179,430)	(178,625)
Net cash provided by (used in) operating activities	2,677,814	(1,198,689)
Cash flows from investing activities		
Purchase of investments	(1,256,941)	(325,182)
Proceeds from sale of investments	643,245	461,781
Purchase of property and equipment	(35,310)	(34,836)
Net cash provided by (used in) investing activities	(649,006)	101,763
Net increase (decrease) in cash and cash equivalents	2,028,808	(1,096,926)
Cash and cash equivalents, beginning of year	1,124,935	2,221,861
Cash and cash equivalents, end of year	$ 3,153,743	$ 1,124,935

Supplemental schedule of noncash investing and financing activities

Right-of-use asset obtained in exchange for lease liability	$ 91,312	$ -

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

National Center for LGBTQ Rights
Notes to Financial Statements
June 30, 2025

1. THE ORGANIZATION

Nature of operations

Founded in 1977, the National Center for LGBTQ Rights ("NCLR" or the "Organization") is a national nonprofit public interest law firm committed to advancing the civil and human rights of lesbian, gay, bisexual, and transgender, and queer people ("LGBTQ") and their families through precedent setting litigation, legislation, policy, direct services, and public education. In June 2025, the Organization changed its name from National Center for Lesbian Rights to National Center for LGBTQ Rights.

NCLR's programs focus on employment, immigration, youth, elder law, transgender law, sports, marriage, relationship protections, racial justice, reproductive justice, economic justice, and family law to create safer homes, communities, and a more just world.

For over four decades, NCLR has led historic cases and is still blazing trails in pursuit of justice, equality, and legal protections for all LGBTQ people.

Major funding

NCLR receives funding from foundations, corporations, and individuals. In addition, a substantial amount of support is received in the form of pro bono legal services from attorneys and law firms around the country.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP").

The Organization reports information regarding its financial position and activities according to two classes of net assets as follows:

- *Net assets without donor restrictions* - net assets that are not subject to donor-imposed stipulations. These net assets are intended for use by the Organization for general operations. This category of net assets also includes internal board-designated net assets (see Note 8).
- *Net assets with donor restrictions* - net assets subject to donor-imposed stipulations that may or will be met by actions of the Organization and/or the passage of time, as well as net assets subject to donor-imposed stipulations that require they be maintained in perpetuity. The Organization held no net assets to be held in perpetuity as of June 30, 2025.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of accounting (continued)

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on assets and liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor restriction or by law. Expirations of restrictions on net assets (i.e., the donor stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restriction.

Use of estimates

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

Social Justice Fund

The National Center for LGBTQ Rights Social Justice Fund ("SJF") is a nonprofit organization that was formed to support the activities of the Organization. SJF is exempt from income taxes under Internal Revenue Code 501(c)(4). Although NCLR and SJF are two distinct legal entities, they are governed by one board of directors and operated as a single organization. U.S. GAAP requires that the accompanying financial statements include the accounts of both entities. However, SJF did not have any revenues, expenses, assets or liabilities at any point during the fiscal year ended June 30, 2025. As such, no consolidation has been performed. In October 2025, the Board of Directors approved to dissolve SJF with an effective date of October 1, 2025.

Cash and cash equivalents

The Organization maintains cash and cash equivalents with major financial institutions. The Organization considers all highly liquid investments with original maturities of three months or less to be cash equivalents. Cash equivalents include interest-bearing money market accounts which totaled $400,471 as of June 30, 2025.

Investments

Investments consist of money market funds, mutual funds, and exchange-traded funds and are recorded at fair value as determined by quoted market prices in active markets. Investments received by donation are recorded at fair value at the date of donation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments (continued)

Unrealized and realized gains and losses that result from market fluctuations are recognized in the statement of activities in the period in which they occur and are reflected as increases or decreases in net assets without donor restrictions, unless their use is restricted by the donor. Dividend and interest income is recognized when earned.

Fair value measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Organization determines the fair values of its assets and liabilities based on a fair value hierarchy that includes three levels of inputs that may be used to measure fair value. The three-level hierarchy for fair value measurements is defined as follows:

- *Level 1* - Valuations based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date. An active market is a market in which transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis.
- *Level 2* - Valuations based on inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly.
- *Level 3* - Valuations based on unobservable inputs for the asset or liability. Unobservable inputs reflect the Organization's own assumptions about what the market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the Organization's own data.

The Organization's investments are valued using Level 1 inputs based on the closing price reported from an actively traded exchange.

Accounts receivable

Accounts receivable represent amounts due from customers for service fees earned. The Organization uses an allowance method to account for uncollectible receivables. The allowance for credit losses is based on historical experience, overall economic conditions, the current aging status of its receivables, and management's assessment of current conditions, and reasonable and supportable expectation of future conditions. At June 30, 2025, there were no accounts receivable related to program service fees.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and equipment, net

Property and equipment, stated at cost, consists of office equipment and furnishings, and computers and software with an initial cost of $5,000 or more. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets, which range from three to five years.

In addition, the Organization has incurred costs for the design, development, and implementation of its website. Costs relating to the development of the site's infrastructure have been capitalized. Other costs pertaining to the website are expensed in the year they are incurred. Amortization is computed using the straight-line method over the estimated useful life of five years.

Leases

The Organization holds a lease for its San Francisco office facility under an operating lease. The Organization determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use ("ROU") assets and operating lease liabilities on the statement of financial position. Finance leases would be included in property and equipment and other long-term liabilities on the statement of financial position. The Organization does not have any finance leases.

ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As the Organization's lease does not provide an implicit rate, the Organization uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. Accordingly, the future lease payments have been discounted to present value using the applicable Daily Treasury Par Yield Curve Rate in effect on the date of the lease inception. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The Organization has elected not to recognize right-of-use assets and lease liabilities for short-term leases and instead records them in a manner similar to operating leases under legacy leasing guidelines. A short-term lease is one with a maximum lease term of 12 months or fewer and does not include a purchase option that the lessee is reasonably certain to exercise.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions and contributions receivable

Contributions, including unconditional promises to give, are recognized as revenues in the period the promise is received. Conditional promises to give are not recognized until they become unconditional; that is when the barrier has been overcome and the right of release/right of return no longer exists. Contributions that are promised in one year but are not expected to be collected until after the end of that year are considered contributions receivable and are recorded at fair value by discounting at an appropriate discount rate commensurate with the risks involved. Amortization of any such discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. No discount on long-term contributions receivable was recorded as it was considered immaterial. An allowance for doubtful contributions receivable is provided based upon management's judgment including such factors as prior collection history, type of contribution, and current aging of the promise to give. There was no allowance for uncollectible contributions at June 30, 2025 as all balances were considered collectible.

In-kind contributions

In order to accomplish its mission, the Organization relies heavily on pro bono services provided by attorneys. These attorneys assist the Organization with various civil rights court cases. Donated services are recognized as contribution revenue at the fair value of those services, if the services (a) create or enhance non-financial assets, or (b) require specialized skills that are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Donated non-cash assets are recorded based on the estimated fair value at the date the contribution is received.

Revenue recognition

Program service fees primarily consist of honoraria, stipends, technical assistance and consultant fees that the Organization receives for services performed for other organizations. Revenue is recognized at the point in time when performance obligations are satisfied (e.g., completion of assigned professional services, attendance at speaking event, etc.). Amounts paid in advance of services provided are recorded as deferred revenue.

Court awards represent fees awarded to the Organization for its pro bono attorney services performed related to certain case work. Fees are awarded by the court and are recognized when awarded and realizable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional allocation of expenses

The Organization presents its expenses by function and natural category. Program services include the direct conduct and direct supervision of specific program activities. Fundraising includes efforts to solicit monetary and nonmonetary contributions. Management and general includes general oversight, recordkeeping, regulatory compliance, governance, financial management, and all other activities that do not constitute the direct conduct or direct supervision of specific program services or fundraising activities. The Organization employs a communications staff member responsible for promoting NCLR and its activities to various external stakeholders. Any communications activities that involve a solicitation of contributions are allocated to fundraising, while communications involving a programmatic call to action are allocated to program services. All other communications activities are allocated to management and general.

The Organization charges each employee's compensation to the major functions according to management's estimate of that individual's time and effort (based on job titles and major responsibilities).

Other shared costs, consisting primarily of occupancy and office expenses, are allocated according to the aggregated full-time equivalent percentages of each major function.

Advertising costs

The Organization uses advertising to promote its programs among the audiences it serves. All advertising costs are expensed as incurred. Advertising costs for the year ended June 30, 2025 totaled $1,245 and are included as a component of operating expenses on the statement of functional expenses.

Income taxes

The Organization is a not-for-profit organization that is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code, respectively, except on activities unrelated to its mission. Accordingly, no provision for federal or state income taxes have been recorded.

The Organization recognizes the effect of income tax positions only if those positions are more likely than not of being sustained, and changes in recognition or measurement are reflected in the period in which the change in judgment occurs. The Organization has evaluated its current tax positions and has concluded that as of June 30, 2025, it does not have any significant uncertain tax positions for which a reserve would be necessary.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measure of operations

The Organization's measure of operations includes all revenues and expenses that are integral to its ongoing programs and supporting activities. Operating revenues consist primarily of contributions, including in-kind contributions, fundraising and special event revenues, program service fees, and investment income used to support current operations. Operating expenses include program services, management and general, and fundraising costs.

Nonoperating activities include transactions that are unusual or infrequent in nature and not directly related to the Organization's core mission. For the year ended June 30, 2025, nonoperating expenses consisted solely of costs related to an employee settlement agreement, net of insurance recoveries. These expenses are reported separately from operating activities in the accompanying statement of activities to provide a clearer picture of the Organization's ongoing operational performance.

Comparative financial information

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 U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements, as of, and for the year ended June 30, 2024, from which the summarized information was derived.

Reclassifications

Certain reclassifications have been made to prior year balances to conform with current year presentation. These reclassifications had no effect on the change in net assets or ending net assets in the previously reported financial statements as of and for the year ended June 30, 2024.

Subsequent events

The Organization has evaluated events subsequent to June 30, 2025 to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through March 18, 2026, the date the financial statements were available to be issued. Based upon evaluation, it was determined that no subsequent events occurred that require recognition or additional disclosure in the financial statements.

3. INVESTMENTS AND FAIR VALUE MEASUREMENTS

Investments consisted of the following:

Money market funds	$ 16,526
Mutual funds	3,735,099
Exchange-traded funds	353,738
	$ 4,105,363

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2025:

	Level 1	Level 2	Level 3	Fair Value
Money market funds	$ 16,526	$ -	$ -	$ 16,526
Mutual funds	3,735,099	-	-	3,735,099
Exchange-traded funds	353,738	-	-	353,738
	$ 4,105,363	$ -	$ -	$ 4,105,363

Net investment income consisted of the following:

Interest and dividend income	$ 137,173
Realized gains on sales of investments	16,521
Unrealized gains	55,987
Investment management fees	(17,038)
	$ 192,643

4. CONTRIBUTIONS RECEIVABLE

Contributions receivable consisted of the following:

Receivable in less than one year	$ 1,215,000
Receivable in one to five years	30,000
	$ 1,245,000

5. PROPERTY & EQUIPMENT

Property and equipment consisted of the following:

Computers and software	$	87,192
Website		71,830
Furniture and equipment		4,351
Trademarks		825
		164,198
Accumulated depreciation		(102,809)
	$	61,389

Depreciation and amortization expense for the year ended June 30, 2025 totaled $40,870 and is reported as a component of occupancy expense on the statement of functional expenses.

6. OPERATING LEASES

Effective June 1, 2022, the Organization began leasing office space in San Francisco, California under a non-cancelable operating lease agreement that expired on May 31, 2025. The lease called for monthly payments ranging from $15,000 to $15,914 over the lease term.

On October 31, 2024, the Organization entered into a new lease for office space in San Francisco with an effective date of April 1, 2025 that expires on June 30, 2028. The new lease replaced the Organization's previous office space, with less square footage being leased, and calls for monthly payments ranging from $2,421 to $2,568 over the lease term.

Additional information related to leases is as follows:

Operating lease cost	$	177,467
Operating cash outflows from operating leases		182,317
Weighted average remaining lease term		3.0 years
Weighted average discount rate		4 %

6. OPERATING LEASES (continued)

The scheduled minimum lease payments under the lease terms are as follows:

Year ending June 30,	
2026	$ 29,052
2027	29,928
2028	30,816
	89,796
Less: imputed interest	(4,912)
Present value of lease payments	84,884
Current portion	(26,339)
	$ 58,545

7. LINE OF CREDIT

The Organization held a $250,000 line of credit with a bank that was originally set to expire on January 30, 2025. Interest on the outstanding balance accrued at a variable annual rate equal to the Prime Rate plus 0.50%.

The line of credit was renewed under the same terms on January 30, 2025, extending the maturity date to January 30, 2026. The line of credit had a variable annual interest rate of 7.75% at June 30, 2025. Under no circumstances shall the annual interest rate fall below 7.50% or exceed the maximum rate allowed by law. As of June 30, 2025, there was no outstanding balance on the line of credit.

8. BOARD-DESIGNATED NET ASSETS

The balance of board-designated net assets consists of net assets without donor restrictions which the board of directors has elected to set aside for emergencies and unforeseen expenses. The board of directors may undesignate these funds at any time. At June 30, 2025, board-designated funds totaled $3,533,953.

9. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions released from restriction during the year were as follows:

Restricted for a specified purpose	
Legal Litigation and Legal Other	$ 1,288,969
Fiscal Sponsee: Inclusion Playbook	223,363
Legal Programs	411,541
	1,923,873
Restricted to passage of time	
General operating support	204,150
	204,150
	$ 2,128,023

Net assets with donor restrictions at June 30, 2025 consist of the following:

Legal Litigation and Legal Other	$ 1,212,095
Fiscal Sponsee: Inclusion Playbook	5,147
Legal Programs	333,990
	$ 1,551,232

In the spring of 2020, NCLR received a bequest from The Stuart M. Biegel Trust for the purpose of establishing and maintaining programs in support of three activities all of which are classified within Legal Litigation and Legal Other:

- Clerkship – Each year, NCLR shall select at least one individual to serve in a legal clerkship. Each clerk shall be compensated at least $5,000, but no more than $20,000 (in 2020 dollars), for a clerkship spanning 8 to 14 weeks.
- Campaign – Each year, NCLR shall conduct a public education campaign to educate the public at large and/or certain cohorts about issues of highest priority to NCLR.
- Internship – Each year, NCLR shall select at least one individual to serve as a public education campaign intern. Each intern shall be compensated at least $5,000, but no more than $20,000 (in 2020 dollars), for an internship spanning 8 to 14 weeks.

The minimum and maximum expenditure levels noted above shall be adjusted annually for inflation.

10. IN-KIND CONTRIBUTIONS

In-kind contributions for the year ended June 30, 2025 were comprised of pro bono legal services with an estimated fair value of $6,791,471 and donated goods received for special events with an estimated fair value of $3,020.

10. IN-KIND CONTRIBUTIONS (continued)

In-kind contributions valuation techniques

Contributed legal services are valued at the estimated fair value based on current rates for similar or identical services. The fair value of legal services are obtained directly from the attorneys providing the services based on hours of legal services contributed and standard billing rates. Donated goods received for special events are valued at the fair value based on estimated wholesale values that would be received for selling similar products in the United States.

Donor restrictions and in-kind contribution use

The contributed legal services received during the year ended June 30, 2025 included no donor restrictions. Contributed legal services were primarily utilized for program services. Of the total contributed legal services received during the year, approximately $1,877 were utilized for general and administrative legal matters. Donated special event goods were used for fundraising purposes.

11. RETIREMENT PLAN

NCLR has maintained the Safe Harbor provision as the 401(k) profit sharing retirement plan (the "Plan") since 2024. NCLR elected a pro rata formula which allocates its profit sharing contribution in a manner that provides each participant with a percentage of eligible compensation as a contribution. For the year ended June 30, 2025, NCLR made $101,220 in employer contributions to the Plan.

12. CONTINGENCIES, RISKS & UNCERTAINTIES

Compliance with funding source requirements

The Organization receives contributions and government assistance restricted for a specific program or purpose. If such program requirements are not met in accordance with the funding source agreements, there is the possibility that monies would have to be returned to the funding source. It is management's opinion that all funding source requirements have been met for amounts recognized as revenue or support on the statement of activities.

Litigation

In the normal course of business, the Organization is occasionally named as a defendant in various lawsuits. It is the opinion of management that the outcome of any pending lawsuits will not materially affect the operations or the financial position of the Organization.

12. CONTINGENCIES, RISKS & UNCERTAINTIES (continued)

Concentrations of credit risk

Financial instruments that potentially subject the Organization to credit risk consist principally of cash and cash equivalents greater than $250,000 with each financial institution, contributions receivable, and investments. The Organization periodically reviews its cash and investment policies, evaluates its donors' financial condition and maintains adequate reserves for potential losses, which are based on management's expectations, estimates, and historical experience.

As of June 30, 2025, approximately 87% of total gross contributions receivable are comprised of amounts due from one donor. Approximately 37% of total contribution revenue is comprised of amounts from three donors and approximately 80% of in-kind contribution revenue is comprised of amounts from three law firms for the year ended June 30, 2025.

13. LIQUIDITY AND FUNDS AVAILABLE

As part of the Organization's liquidity management, financial assets are structured so that they are available as its general expenditures, liabilities, and other obligations as they come due. The Organization strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures. Financial assets in excess of immediate cash requirements are invested in mutual funds.

Amounts available to meet general expenditures within one year include cash and cash equivalents, investments, and receivables. The net assets with donor restrictions due to passage of time as of June 30, 2025, are also available to meet general expenditures as the related time restriction is expected to be fulfilled within the next year. To help manage unanticipated liquidity needs, the Organization has a line of credit available for use. The line of credit available at June 30, 2025 is $250,000 (see Note 7).

Financial assets available to fund general expenditures within one year are as follows:

Financial assets	
Cash and cash equivalents	$ 3,153,743
Investments	4,105,363
Other receivables	19,866
Contributions receivable	1,215,000
	8,493,972
Less: amounts unavailable for general expenditure within one year:	
Donor-imposed restrictions for a specified purpose	(1,551,232)
	(1,551,232)
	$ 6,942,740