

Inland Empire Latino Lawyers Association, Inc.

Financial Statements
With Independent Accountant's Review Report
December 31, 2024 with
Summarized Comparative Information for 2023

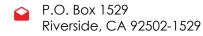


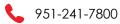
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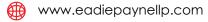
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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors Inland Empire Latino Lawyers Association, Inc. Riverside, California

We have reviewed the accompanying financial statements of Inland Empire Latino Lawyers Association, Inc., (a nonprofit organization), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the association's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility 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; this includes 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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Inland Empire Latino Lawyers Association, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Summarized Comparative Information

Eadie and Payne, LLP

We previously reviewed Inland Empire Latino Lawyers Association, Inc., December 31, 2023 financial statements and in our report dated April 25, 2024, stated that based on our procedures, we were not aware of any material modifications that should be made to the December 31, 2023 financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America. We are not aware of any material modifications that should be made to the summarized comparative information presented herein as of and for the year ended December 31, 2023 for it to be consistent with the reviewed financial statements from which it has been derived.

Riverside, California February 14, 2025

STATEMENT OF FINANCIAL POSITION

For the Year Ended December 31, 2024 (With Summarized Comparative Information for 2023)

	2024		2023	
ASSETS				
Current Assets				
Cash	\$	79,589	\$	225,873
Grants and other receivable		16,255		-
Prepaid expenses		2,600		4,985
Total Current Assets		98,444		230,858
Property and Equipment				
Furniture and equipment		48,538		83,541
Leasehold improvements		-		11,651
Less: Accumulated depreciation		35,208		62,800
		13,330		32,392
Other Assets				
Right-of-use asset, net of amortization		48,999		750
Security deposits		1,300		-
TOTAL ASSETS	<u>\$</u>	162,073	\$	264,000
LIABLILITIES AND NET ASSETS				
Current Liabilities				
Accounts payable	\$	5,051	\$	6,576
Accrued vacation		3,201		11,251
Current portion of lease liability		16,792		750
Refundable advances		18,968		20,156
Total Current Liabilities		44,012		38,733
Long-Term Liabilities				
Lease liability		32,168		
Net Assets				
Net assets without donor restrictions		85,893		81,003
Net assets with donor restrictions		-		144,264
Total Net Assets		85,893		225,267
TOTAL LIABILITIES AND NET ASSETS	\$	162,073	\$	264,000
TOTAL LIABILITIES AND NET ASSETS	Ψ	102,073	Ψ	204,000

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2024 (With Summarized Comparative Information for 2023)

	2024			 2023		
	,	WITHOUT		WITH		
		DONOR		DONOR		
	RE	STRICTIONS	RE	STRICTIONS	TOTAL	 TOTAL
REVENUES AND SUPPORT						
Grant income	\$	222,900	\$	-	\$ 222,900	\$ 335,155
Contributed legal services		159,012		-	159,012	313,201
Contributions - cash		8,825		-	8,825	21,076
Fundraising revenue, net		14,635		-	14,635	8,588
Interest and other income		83		-	83	113
Net assets released from restriction		144,264		(144,264)		
Total Revenues and Support		549,719		(144,264)	 405,455	 678,133
EXPENSES						
Program services		485,442		-	485,442	540,037
Management and general		59,387			59,387	 70,865
Total Expenses		544,829			544,829	 610,902
CHANGE IN NET ASSETS		4,890		(144,264)	(139,374)	67,231
NET ASSETS, BEGINNING OF YEAR		81,003		144,264	225,267	158,036
NET ASSETS, END OF YEAR	\$	85,893	\$		\$ 85,893	\$ 225,267

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2024 (With Summarized Comparative Information for 2023)

	2024					 2023	
		Program	Mai	nagement			
		Services	and	d General		Total	Total
Salaries and wages	\$	178,785	\$	21,872	\$	200,657	\$ 152,820
Payroll taxes and benefits		23,676		2,896		26,572	 28,140
		202,461		24,768		227,229	180,960
Professional services		178,564		21,845		200,409	344,333
Occupancy		24,362		2,980		27,342	27,463
Office supplies		14,607		1,787		16,394	4,470
Depreciation		9,515		1,164		10,679	12,282
Information technology		27,295		3,339		30,634	21,257
Insurance		3,324		407		3,731	3,487
Equipment costs		2,643		323		2,966	7,200
Travel		3,354		410		3,764	2,131
Dues and training		4,892		599		5,491	1,789
Other expenses		14,425		1,765		16,190	 5,530
Total Expenses	\$	485,442	\$	59,387	\$	544,829	\$ 610,902

STATEMENT OF CASH FLOW

For the Year Ended December 31, 2024 (With Summarized Comparative Information for 2023)

		2024	2023
Cash Flows from Operating Activities			
Change in net assets	\$	(139,374)	\$ 67,231
Adjustments to Reconcile Change in New Assets to Net Cash Provided By Operating Activities			
Depreciation and amortization		19,556	12,282
Loss on disposal of property and equipment		7,383	-
Increase (Decrease) in Operating Assets			
Grants and other receivable		(16,255)	23,896
Prepaid expenses		2,386	1,011
Right-of-use asset		750	8,790
Security deposits		(1,300)	-
Accounts payable		(1,526)	4,284
Accrued vacation		(8,050)	4,953
Refundable advances		(1,188)	16,865
Lease liabilities		(9,666)	(8,790)
Net Cash Provided (Used in) Operating Activities		(147,284)	 130,522
Cash Flows from Investing Activities			
Proceeds from disposal of property and equipment		1,000	
Net Cash Provided By Investing Activities		1,000	 _
Net Increase (Decrease) in Cash and Restricted Cash		(146,284)	130,522
Cash at Beginning of Year		225,873	 95,351
Cash at Ending of Year	<u>\$</u>	79,589	\$ 225,873
Supplementary Disclosures Non-cash:			
Obtaining right-of-use asset in exchange for a lease liability	<u>\$</u>	57,876	\$

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

1. NATURE OF ACTIVITIES

Inland Empire Latino Lawyers Association, Inc. ("the Association") is a nonprofit corporation organized in California in 1978 for the promotion and preservation of the equality of the American legal system in rendering justice to all members of its Association. The Association is governed by a volunteer board of directors and is engaged in providing legal assistance in non-criminal proceedings to persons financially unable to afford legal assistance in the counties of Riverside and San Bernardino. The Association is principally funded through grants from the Legal Services Trust Fund Program of the State Bar of California ("LSTF").

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Not-for-profit organizations are required to report information regarding financial position and activities according to the following net asset classifications:

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 Association. These net assets may be used at the discretion of the Association's management and Board of Directors. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

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 the Association 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.

B. Use of Estimates

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

C. Revenue and Revenue Recognition

An exchange transaction is a transaction in which the resource provider receives commensurate value in a transfer of resources. If commensurate value is not received by the resource provider the transaction is considered a contribution. Contributions are determined to be conditional when one or more barriers must be overcome for the recipient to be entitled to the transferred resources, and the resource provider has a right of return of the transferred resources.

Contributions are recognized in the period received and as assets, decreases of liabilities, or expenses depending on the form of benefit received, or if conditional, when the barriers are overcome. Unconditional contributions are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions restricted by the donor are reported as increases in net assets with donor restrictions.

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Revenue and Revenue Recognition (Continued)

When a restriction expires, net assets with donor restriction are reclassified to net assets without restrictions and reported in the statements of activities as net assets released from restrictions. When restrictions are satisfied in the same accounting period as the receipt of the contribution, the Association reports both revenue and the related expense in unrestricted net assets.

The Association receives grant revenues from the Legal Services Trust Fund Program of the State Bar of California ("LSTF"). All grant revenues received are expected to be disbursed during the calendar year grant period. Grants are considered contribution.

D. Fair Value Measurements

Generally accepted accounting principles provide guidance on how fair value should be determined when financial statement elements are required to be measured at fair value. Valuation techniques are ranked in three levels depending on the degree of objectivity of the inputs used with each level:

Level 1 inputs – quoted prices in active markets for identical assets

Level 2 inputs – quoted prices in active or inactive markets for the same or similar assets

Level 3 inputs – estimates using the best information available when there is little or no market

The Association is required to measure donated services and facilities at fair value. The technique used to measure those fair values is described in Note 4.

E. Cash, Cash Equivalents, and Restricted Cash

For purposes of the statement of financial position and the statement of cash flows, cash and cash equivalents consist of cash and other highly liquid resources, such as investments in certificates of deposit and money market funds, with an original maturity of three months or less when purchased. Amounts included in restricted cash represent those required to be set aside by a contractual agreement with a grantor for the payments related to specific programs.

F. Grants Receivable

Grants receivable consist of amounts due from governmental funding sources. Management considers these amounts to be fully collectible based on the historical information.

G. Functional Expenses

The costs of providing the various programs and other activities are summarized on a functional basis in the statements of activities. All expenses are allocated based on the payroll hours charged between programs and other services.

H. Income Taxes

The Association is exempt from federal and State income tax under Section 501(c)(3) of the Internal Revenue Code (IRC) and Section 23701(d) of the California Tax Code. Consequently, the accompanying financial statements do not reflect any provision for income taxes. The Association uses the same accounting methods for tax and financial reporting.

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Property and Equipment

Property and equipment include fixtures, equipment, and leasehold improvements presented at cost or donated value. These assets are depreciated by the straight-line method over estimated useful lives ranging from five to seven years. The Association's policy is to capitalize property acquisitions in excess of \$1,000.

Construction in progress includes all capitalized costs for expenditures directly incurred to bring a capital asset to a useable condition. These capitalized costs will be recorded to property and equipment when the asset is operational. At that time the costs will be depreciated over the respective useful lives of the assets.

J. Right-of-use Asset

The right-of-use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right-of-use assets, which are from operating leases, are amortized on a straight-line basis over the life of the related lease and the amortization is reported as a part of lease expense.

K. Refundable Advances

Refundable advances consist of transferred resources that have not been recognized in the statements of activities because the conditions on which they depend have not yet been met. As of December 31, 2024, the refundable advances comprise \$13,968 in funds received from LSTF-Equal Access Fund and \$5,000 from the Morongo Grant.

3. SUMMARY OF FUNDING

Grant revenues for the year ended December 31, 2024 are as follows:

CIELO	\$ 10,000
LSTF – Equal Access Fund	41,610
LSTF – IOLTA	 171,290
Total	\$ 222,900

4. **NON-CASH CONTRIBUTIONS**

Contributed legal services are recognized at an hourly rate of \$350 and consisted of approximately 454 contributed hours for the year ended December 31, 2024. A number of volunteer attorneys have contributed significant amounts of time to advance the Association's program objectives.

Contributed legal services are valued at a rate normally charged by the attorneys donating their services. These amounts are recognized as contributed legal services revenue and as the cost of professional services in the statements of activities. The fair values of contributed services are measured using quoted prices for similar services (Level 2 inputs).

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

5. LIQUIDITY AND AVAILABILITY OF RESOURCES

The Association receives substantial support from grants, including grants with grantor restrictions (donor restrictions) that require use for specific purposes. However, those specified purposes are for program expenses that will be incurred in the next year. Therefore, all restricted cash is available for future general expenditures in future periods.

The Association has the following financial assets available to meet cash needs for general expenditures, liabilities, and other obligations during the next year:

Financial assets at year end:	
Cash	\$ 79,589
Grants and other receivable	 16,255
Total Financial Assets Available	\$ 95.844

The Association's liquidity management includes a policy to structure its financial assets to be available for general expenditures as they come due. General expenditures consist of the following:

Total Expenses	\$ 544,829
Less In-Kind Expenses (non-cash)	 (159,012)
Total General Expenditures	\$ 385,817

The Association's general expenses are largely funded by annual grant awards. The Association adjusts its budget and operations each year according to expected funding from various sources and operates with a balanced budget. The Association anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

6. PROPERTY AND EQUIPMENT

The Association during the year relocated its offices and disposed property and equipment with net book value of approximately \$8,383, realizing a loss of \$7,383. Loss is included in statement of activities within management and expenses.

7. OPERATING LEASES

The Association entered into a 3-year lease agreement with commencement date July 2024, ending June 2027 for the new main facility, where operations are conducted. The previous lease agreement relating to the previous main facility, ended on September 2023 and then entered into a month to month arrangement up to June 2024. In November 2018, the Association entered into a sixty-three month lease agreement for a copier with monthly lease payments of \$375, ending in January 2024. In February 2024, the Association entered into a sixty-three month lease agreement for a copier with monthly lease payments of \$249, ending in May 2029. The following is a reconciliation of lease expense and other information under these agreements for the year ended December 31, 2024:

Operating lease expense	<u>\$</u>	11,001
Cash flow: Interest	\$	1,374
Cash flow: Principal		9,666
	\$	11,040
Weighted-average remaining lease term		2.9 years
Weighted-average discount rate		4.52%

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

7. **OPERATING LEASES (Continued)**

The following is a maturity analysis of the annual undiscounted cash flows of the operating lease liabilities as of December 31, 2024:

Year Ending December 31,	
2025	\$ 18,588
2026	18,588
2027	10,788
2028	2,988
2029	 1,245
	 52,197
Less: Present value discount	3,237
Total Lease Liability	\$ 48,960

8. RISKS AND UNCERTAINTIES

A. Concentrations of Revenue Sources

The Association received approximately 53% of its total revenues for the year ended December 31, 2024, from LSTF. Excluding donated services, the Association received approximately 96% of its revenues for the year ended December 31, 2024 from LSTF.

B. Concentrations of Credit Risk

The Association maintains its cash balances in financial institutions that are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At various times there were balances in the bank that were over the FDIC limit. At December 31, 2024, the Association bank balances were fully covered by FDIC insurance. The Association has not experienced any loss in such accounts and believes it is not exposed to any significant credit risk on its cash balances.

9. SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 14, 2025, the date the financial statements were available to be issued. No events occurred through this date requiring disclosure.