

**LEGAL AID FOUNDATION OF  
SANTA BARBARA COUNTY, INC.**

**FINANCIAL STATEMENTS**

**JUNE 30, 2024 AND 2023**

October 23, 2024

### Independent Auditors' Report

Board of Directors  
Legal Aid Foundation of Santa Barbara County, Inc.  
Santa Barbara, California

### **Opinion**

We have audited the accompanying financial statements of Legal Aid Foundation of Santa Barbara County, Inc., which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities and changes in net assets, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Legal Aid Foundation of Santa Barbara County, Inc. as June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Legal Aid Foundation of Santa Barbara County, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP 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 Legal Aid Foundation of Santa Barbara County, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are issued.

### **Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Legal Aid Foundation of Santa Barbara County, Inc.'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 Legal Aid Foundation of Santa Barbara County, Inc.'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 Legal Aid Foundation of Santa Barbara County, Inc.'s June 30, 2023 financial statements, and we expressed an unmodified audit opinion on those statements in our report dated October 26, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Nasif, Hicks, Harris & Co. LLP*

Nasif, Hicks, Harris & Co., LLP

**LEGAL AID FOUNDATION OF SANTA BARBARA COUNTY, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS OF JUNE 30,**

	2024	2023
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 802,613	\$ 652,719
Cash held in trust	375,222	337,757
Contracts and grants receivable, net	282,972	508,016
Prepaid expenses and other assets	4,176	2,721
<b>Total current assets</b>	<b>1,464,983</b>	<b>1,501,213</b>
Property and equipment, net	353,504	363,114
Security deposits	5,350	3,700
Operating lease right-of-use assets	71,526	43,104
<b>TOTAL ASSETS</b>	<b>\$ 1,895,363</b>	<b>\$ 1,911,131</b>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 108,469	\$ 89,504
Accrued vacation payable	99,021	99,199
Amounts held in trust	26,084	3,879
Deferred event sponsorships	4,500	22,750
Current portion of operating lease liabilities	32,431	27,175
Current portion of long-term debt	25,319	23,961
<b>Total current liabilities</b>	<b>295,824</b>	<b>266,468</b>
Operating lease liabilities, net of current portion	37,944	18,951
Long-term debt, net of current portion	79,383	104,668
<b>Total liabilities</b>	<b>413,151</b>	<b>390,087</b>
Net assets:		
Without donor restrictions	1,151,044	987,266
With donor restrictions	331,168	533,778
<b>Total net assets</b>	<b>1,482,212</b>	<b>1,521,044</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 1,895,363</b>	<b>\$ 1,911,131</b>

The accompanying notes are an integral part of these financial statements

**LEGAL AID FOUNDATION OF SANTA BARBARA COUNTY, INC.**  
**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2024**  
**(WITH SUMMARIZED COMPARATIVE INFORMATION FOR JUNE 30, 2023)**

	Without Donor Restrictions	With Donor Restrictions	Total 2024	Total 2023
Support and revenue:				
Donations	\$ 149,440	\$ -	\$ 149,440	\$ 85,158
Special event revenue	\$ 59,620			
Less: direct costs of events	(20,641)			
Net revenue from special events	38,979	-	38,979	-
Government grants	1,731,140	-	1,731,140	1,321,084
Private grants	25,126	10,000	35,126	156,581
Grants from State Bar of California	53,849	680,122	733,971	670,422
Interest income	6,652	-	6,652	2,865
In-kind legal service revenue	153,215	-	153,215	144,606
Other income	1,401	-	1,401	3,860
Total support and revenue	2,159,802	690,122	2,849,924	2,384,576
Net assets released from restrictions	892,732	(892,732)	-	-
Expenses:				
Program services	2,500,380	-	2,500,380	2,078,218
Support services:				
General and administrative	303,333	-	303,333	309,104
Fundraising	85,043	-	85,043	59,036
Total support services	388,376	-	388,376	368,140
Total expenses	2,888,756	-	2,888,756	2,446,358
Change in net assets	163,778	(202,610)	(38,832)	(61,782)
Net assets at beginning of year	987,266	533,778	1,521,044	1,582,826
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 1,151,044</b>	<b>\$ 331,168</b>	<b>\$ 1,482,212</b>	<b>\$ 1,521,044</b>

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

**LEGAL AID FOUNDATION OF SANTA BARBARA COUNTY, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30,**

	2024	2023
Cash flows from operating activities:		
Change in net assets	\$ (38,832)	\$ (61,782)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	16,485	15,000
Amortization of operating lease right-of-use assets	30,815	36,163
Changes in operating assets and liabilities:		
Contracts and grants receivable, net	225,044	100,067
Prepaid expenses and other current assets	(1,455)	1,796
Security deposits	(1,650)	325
Accounts payable and accrued expenses	18,965	9,814
Accrued vacation payable	(178)	(16,716)
Amounts held in trust	22,205	3,409
Deferred event sponsorships	(18,250)	22,750
Operating lease liabilities	(34,988)	(33,141)
Net cash provided by operating activities	218,161	77,685
Cash flows from investing activities:		
Purchase of property and equipment	(6,875)	(114,491)
Net cash used by investing activities	(6,875)	(114,491)
Cash flow from financing activities:		
Proceeds from issuance of long-term debt	-	132,500
Payments on long-term debt	(23,927)	(3,871)
Net cash (used) provided by financing activities	(23,927)	128,629
Net increase in cash and cash equivalents	187,359	91,823
Cash and cash equivalents at beginning of year	990,476	898,653
<b>CASH, CASH EQUIVALENTS AND CASH HELD IN TRUST AT END OF YEAR</b>	<b>\$ 1,177,835</b>	<b>\$ 990,476</b>
Supplemental Data:		
Interest paid	\$ 6,320	\$ 2,658
Operating lease right-of-use assets obtained with lease liabilities	\$ 59,237	\$ 79,267

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

**LEGAL AID FOUNDATION OF SANTA BARBARA COUNTY, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2024**  
**(WITH SUMMARIZED COMPARATIVE INFORMATION FOR JUNE 30, 2023)**

	<b>Program Services</b>						<b>Total Program Services</b>
	<b>Disability Advocacy</b>	<b>Family Violence &amp; Elder Abuse Prevention</b>	<b>Housing</b>	<b>Consumer Protection</b>	<b>Courthouse Legal Resource Centers</b>		
Personnel expenses	\$ 181,149	\$ 440,039	\$ 1,130,208	\$ 132,341	\$ 160,742	\$ 2,044,479	
Computer & office equipment	6,022	14,628	37,572	4,399	5,344	67,965	
Office expenses	1,814	4,406	11,317	1,325	1,610	20,472	
Postage & printing	162	394	1,013	119	144	1,832	
Telecommunications	2,575	6,254	16,064	1,881	2,285	29,059	
Technology	1,711	4,156	10,673	1,250	1,518	19,308	
Training, travel & meetings	1,134	2,755	7,076	829	1,006	12,800	
Library	1,878	4,563	11,719	1,372	1,667	21,199	
Insurance	1,512	3,672	9,431	1,104	1,341	17,060	
Dues, subscription & membership	680	1,652	4,243	497	603	7,675	
Development	-	-	-	-	-	-	
Bank charges	-	-	-	-	-	-	
Staff appreciation	37	89	230	27	33	416	
Audit & tax	-	-	-	-	-	-	
Occupancy	5,726	13,909	35,724	4,183	5,081	64,623	
Direct client costs	708	1,721	4,420	518	629	7,996	
Subcontractor	-	17,846	-	-	-	17,846	
Depreciation	1,279	3,107	7,980	934	1,135	14,435	
In-kind legal services	13,575	32,977	84,699	9,918	12,046	153,215	
<b>Total at June 30, 2024</b>	<b>\$ 219,962</b>	<b>\$ 552,168</b>	<b>\$ 1,372,369</b>	<b>\$ 160,697</b>	<b>\$ 195,184</b>	<b>\$ 2,500,380</b>	
<b>Total at June 30, 2023</b>						<b>\$ 2,078,218</b>	

(Continued on next page)

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

**LEGAL AID FOUNDATION OF SANTA BARBARA COUNTY, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2024**  
**(WITH SUMMARIZED COMPARATIVE INFORMATION FOR JUNE 30, 2023)**

	<b>Support Services</b>			<b>Total June 30, 2024</b>	<b>Total June 30, 2023</b>
	<b>General and Administrative</b>	<b>Fundraising</b>	<b>Total</b>		
Personnel expenses	\$ 250,016	\$ 65,811	\$ 315,827	\$ 2,360,306	\$ 1,987,570
Computer & office equipment	7,761	1,886	9,647	77,612	48,113
Office expenses	2,338	568	2,906	23,378	18,685
Postage & printing	209	51	260	2,092	1,778
Telecommunications	3,318	806	4,124	33,183	32,221
Technology	2,205	536	2,741	22,049	25,897
Training, travel & meetings	1,462	355	1,817	14,617	7,768
Library	2,421	588	3,009	24,208	18,526
Insurance	1,948	473	2,421	19,481	17,356
Dues, subscription & membership	876	213	1,089	8,764	9,075
Development	-	11,328	11,328	11,328	10,891
Bank charges	402	-	402	402	1,442
Staff appreciation	47	12	59	475	400
Audit & tax	20,388	-	20,388	20,388	18,654
Occupancy	7,380	1,793	9,173	73,796	70,042
Direct client costs	913	222	1,135	9,131	3,977
Subcontractor	-	-	-	17,846	14,357
Depreciation	1,649	401	2,050	16,485	15,000
In-kind legal services	-	-	-	153,215	144,606
<b>Total at June 30, 2024</b>	<b>\$ 303,333</b>	<b>\$ 85,043</b>	<b>\$ 388,376</b>	<b>\$ 2,888,756</b>	
<b>Total at June 30, 2023</b>	<b>\$ 309,104</b>	<b>\$ 59,036</b>	<b>\$ 368,140</b>		<b>\$ 2,446,358</b>

The accompanying notes are an integral part of these financial statements

**LEGAL AID FOUNDATION OF SANTA BARBARA COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

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Note 1: Organization and Summary of Significant Accounting Policies

Organization

The Legal Aid Foundation of Santa Barbara County, Inc. (“LAF”) is organized as a non-profit corporation to provide free legal advice, counsel and representation to low-income residents of Santa Barbara County. Services include the areas of senior services, family, housing, and consumer law. A significant portion of revenues comes from government grants.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”) requires management to make estimates and assumptions that affect the 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 reported period. Actual results will differ from those estimates.

Property and Equipment

Property and equipment are recorded at cost and are being depreciated using the straight-line method, generally over their useful lives as follows:

Building and improvements	5 to 31.5 years
Furniture and equipment	5 years

Leases

LAF determines if an arrangement is a lease at the commencement date and classifies each lease as either a finance lease or an operating lease.

LAF classifies a lease as a finance lease when the lease meets any of the following criteria:

1. The lease transfers ownership of the underlying asset to the lessee by the end of the lease term.
2. The lease grants the lessee an option to purchase the underlying asset that the lessee is reasonably certain to exercise.
3. The lease term is for the major part of the remaining economic life of the underlying asset. However, if the commencement date falls at or near the end of the economic life of the underlying asset (the last 25% of the economic life), this criterion should not be used.

**LEGAL AID FOUNDATION OF SANTA BARBARA COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

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Note 1: Organization and Summary of Significant Accounting Policies - continued

Leases - continued

4. The present value of the sum of the lease payments and any residual value guaranteed by the lessee that is not already reflected in the lease payments equals or exceeds substantially all (90% or more) of the fair value of the underlying asset.
5. The underlying asset is of such a specialized nature that it is expected to have no alternative use to the lessor at the end of the lease term.

If none of these criteria are met, LAF classifies the lease as an operating lease.

The lease classification is reassessed only when: (a) the contract is modified and the modification is not accounted for as a separate contract, and (b) there is a change in the lease term or the assessment of whether the lessee is reasonably certain to exercise an option to purchase the underlying asset.

Operating leases are included in operating lease right-of-use (“ROU”) assets, operating lease liability, and operating lease liability, non-current, in LAF’s balance sheets. ROU assets represent LAF’s right to use an underlying asset for the lease term and lease liabilities represent LAF’s obligation to make lease payments arising from the lease.

Operating lease ROU assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. As LAF’s leases do not provide an implicit rate, LAF used the federal risk-free rate available at commencement date in determining the present value of lease payments.

Donor Restricted Support

Contributions are reported as “without” donor restrictions, or if contributions are received with donor stipulations that limit the use of the donated assets they are reported as “with” donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, “with” restriction net assets are reclassified as “without” restriction net assets and reported in the statement of activities as net assets released from restrictions.

**LEGAL AID FOUNDATION OF SANTA BARBARA COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

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Note 1: Organization and Summary of Significant Accounting Policies - continued

Fair Value Measurements

U.S. GAAP provides 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 - Quoted prices in active markets for identical assets.
- Level 2 - Quoted prices in active or inactive markets for the same or similar assets.
- Level 3 - Estimates using the best information available when there is little or no market.

Level 1 and 3 inputs were not utilized in 2024. Level 2 inputs were used to determine the value of contributions in-kind, which are described below.

Contributions In-Kind

Contributions in-kind consist of legal services provided by volunteer attorneys as well as less frequent donations of office supplies and assets. These contributions are recorded at their estimated fair value on a non-recurring basis at the time the services are performed or goods received.

Functional Expenses

The cost of providing LAF's programs have been summarized on a functional basis in these financial statements. Based on management estimates, costs have been allocated between programs and supporting services as they related to those functions.

**LEGAL AID FOUNDATION OF SANTA BARBARA COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

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Note 1: Organization and Summary of Significant Accounting Policies - continued

Cash, Cash Equivalents and Cash Held in Trust

All highly liquid investments, with a maturity of three months or less when purchased, are considered to be cash equivalents.

Restricted cash consists of cash held in trust on behalf of clients' and cash designated as an operating reserve by the Board of Directors of LAF. The following table provides a reconciliation of cash, cash equivalents and restricted cash as of June 30,

	2024	2023
Cash and cash equivalents	\$ 802,613	\$ 652,719
Cash and cash equivalents held in trust	375,222	337,757
Total Cash, Cash Equivalents and Cash Held in Trust	\$ 1,177,835	\$ 990,476

Contracts and Grants Receivable

Contracts and grants receivable are stated at unpaid balance, less an allowance for doubtful grants. LAF accounts for losses using the allowance method. The allowance is based on experience, third-party contracts and other circumstances, which may affect the ability of the client to meet their obligation. It is LAF's policy to charge off uncollectible receivables when management determines the receivable will not be collected. No allowances were recorded for the years ended June 30, 2024 and 2023.

Revenue Recognition

LAF generates revenue primarily from the grants it receives from private foundations and government organizations. Revenue is recognized as costs are incurred or over the passage of time, depending on the stipulations of each grant agreement.

Reclassifications

Certain reclassifications have been made to the 2023 financial statement presentation to correspond to the current year's format. Total net assets and changes in net assets are unaffected by these reclassifications.

**LEGAL AID FOUNDATION OF SANTA BARBARA COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

Note 2: Property and Equipment

Property and equipment consisted of the following at June 30,

	2024	2023
Land	\$ 189,847	\$ 189,847
Building	84,021	84,021
Improvements	242,305	235,430
Furniture, equipment and software	26,698	48,026
Total	542,871	557,324
Less: accumulated depreciation	(189,367)	(194,210)
Property and Equipment, Net	\$ 353,504	\$ 363,114

Depreciation and amortization expense for the years ended June 30, 2024 and 2023, was \$16,485 and \$15,000, respectively.

Note 3: Operating Leases

LAF leases office space for its Santa Maria and Lompoc offices.

The Santa Maria lease ended per its fifth extension on June 30, 2022. In June 2022, the lease was extended per its sixth extension for two months to August 31, 2022. Under this extension, minimum lease payments were \$1,854 per month. In August 2022, the lease was extended per its seventh extension for 12 months to August 31, 2023. Under this extension, minimum lease payments were \$1,984 per month. In July 2023, the lease was extended per its eighth extension for four months to December 31, 2023, with minimum lease payments remaining at \$1,984 per month. The lease agreement includes the option to extend the lease term for one additional year with monthly payments based on a consumer price index adjustment. The extension option was not extended, but continued as a month-to-month arrangement until June 2024 when LAF relocated this office to a new lease in Santa Maria.

The subsequent lease in Santa Maria began in June 2024 and ends June 30, 2027. Monthly minimum payments are \$1,650. On July 1, 2025 and thereafter, lease payments are subject to annual increase based on a consumer price index adjustment.

**LEGAL AID FOUNDATION OF SANTA BARBARA COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

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Note 3: Operating Leases - continued

The Lompoc lease was a month-to-month arrangement with payments of \$407. In April 2022, LAF relocated this office to a location in Lompoc with greater accessibility and improved amenities to better serve clients. This lease began May 1, 2022, and ends June 30, 2025. The first two months' payments of this lease were abated for necessary repairs to the property. Thereafter, lease payments range from \$1,300 per month to \$1,379 per month. The lease agreement includes two options, each to extend the lease term for an additional three years with monthly payments based on a 3% annual increase.

LAF's leases do not contain any residual value guarantees or material restrictive covenants. Leases with a lease term of 12 months or less are not recorded on the balance sheet and lease expense is recognized on a straight-line basis over the lease term. The average remaining term of the leases as of June 30, 2023 is 24 months. LAF currently has no finance leases.

As of June 30, 2024, lease expense was approximately \$3,400 per month. In addition, LAF is responsible for a percentage of the common area operating expenses.

Rent expense for the years ended June 30, 2024 and 2023 was \$40,735 and \$46,846, respectively.

Maturities of operating lease liabilities as of June 30, are as follows:

2025	\$ 36,350
2026	19,800
2027	18,150
Thereafter	-
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Total lease payments	74,300
Less: interest	(3,925)
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Present value of lease liabilities	70,375
Less: current operating lease liabilities	(32,431)
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Long-Term Operating Lease Liabilities	\$ 37,944
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**LEGAL AID FOUNDATION OF SANTA BARBARA COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

Note 3: Operating Leases - continued

At June 30, 2024, the weighted-average remaining lease term and the weighted-average discount rate for operating leases was 24 months and 3.59%, respectively.

Cash paid for amounts included in the measurement of operating liabilities was \$40,405 during the year-ended June 30, 2024, and is included in net cash provided by operating activities in the statement of cash flows.

Note 4: Long-Term Debt

Long term debt consisted of the following at June 30,

	2024	2023
Mortgage payable to American Riviera Bank at a fixed interest rate of 5.25% dated October 18, 2022. For the first six months of the loan, interest only payments were due. Beginning on May 15, 2023, monthly payments are due of \$2,521, including principal and interest. Principal and interest will be fully paid off on April 15, 2028, based on the current terms. The mortgage is secured by a deed of trust, which creates a lien against LAF office property in Santa Barbara, California.	\$ 104,702	\$ 128,629
Less: current portion	(25,319)	(23,961)
Long-Term Debt	\$ 79,383	\$ 104,668

Future maturities of long-term debt are as follows as of June 30,

2025	\$	25,319
2026		26,664
2027		28,119
2028		24,600
Thereafter		-
Total	\$	104,702

**LEGAL AID FOUNDATION OF SANTA BARBARA COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

Note 5: Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods at June 30, 2024.

Subject to expenditure of specified purpose:	
Program services	\$ 211,516
Subject to passage of time:	
For periods after June 30, 2024	119,652
Total	\$ 331,168

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by the donor.

Note 6: Liquidity and Availability of Financial Assets

The following reflects LAF's financial assets as of June 30, 2024, reduced by amounts not available for general use because of contractual, internal or donor-imposed restrictions within one year of the statement of financial position date.

Cash, cash equivalents and cash held in trust	\$ 1,177,835
Contracts and grants receivable	282,972
Financial assets at year-end	
Amounts held in trust	(26,084)
Contractual donor-imposed restrictions:	
Donor-imposed purpose	(211,516)
Donor-imposed time of use	(119,652)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	\$ 1,103,555

As part of LAF's liquidity management, it has a policy to structure its financial assets to be available as its general expenditure, liabilities, and other obligations come due.

**LEGAL AID FOUNDATION OF SANTA BARBARA COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

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Note 7:        Retirement Plan

LAF administers a defined contribution retirement plan (“the Plan”) under Internal Revenue Code Section 408(k), which covers all employees, who are eligible to participate upon reaching 21 years of age and one year of service. Employer contributions are transferred into participants’ individual retirement accounts or individual retirement annuities. Employer contributions to the Plan for the year ended June 30, 2024 and 2023 were based on participant compensation and totaled \$42,613 and \$34,404, respectively.

Note 8:        Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation, insurance, office expenses and occupancy, which are allocated on a square-footage basis, as well as salaries and benefits, which are allocated on the basis of estimates of time and effort.

Note 9:        Concentration of Credit Risk

Financial instruments which potentially subject LAF to concentrations of credit risk consist of cash and grants receivable. LAF places its cash with high credit quality financial institutions which may, at times, exceed federal insurance limits. LAF has not experienced any losses on such accounts. With respect to receivables, ongoing credit evaluations are performed and uncollectible amounts are written off as they become known.

Note 10:       Contingencies

LAF receives contract revenue from government agencies. These contracts are subject to review and audit by the contracting agency. The potential exists for disallowance of program costs. The ultimate liability, if any, cannot be reasonably estimated thus there is no provision for the possible disallowance of program costs.

Note 11:       Tax Status

LAF is generally exempt from income taxes, and gifts to LAF qualify for tax deductions under the Internal Revenue Code. LAF has favorable determination letters indicating it has qualified as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Tax positions for the open tax years as of June 30, 2024 and 2023 were reviewed, and it was determined that no provision for uncertain tax positions is required.

**LEGAL AID FOUNDATION OF SANTA BARBARA COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

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Note 12:      Subsequent Events

LAF has evaluated subsequent events through October 23, 2024, the date which the financial statements were available to be issued.