

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

**FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED  
JUNE 30, 2025 AND 2024**



**Nasif, Hicks, Harris & Co., LLP**

**CERTIFIED PUBLIC ACCOUNTANTS**

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October 29, 2025

### 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, 2025 and 2024, 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, 2025 and 2024, 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, 2024 financial statements, and we expressed an unmodified audit opinion on those statements in our report dated October 23, 2024. 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.

*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,**

	2025	2024
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 1,094,708	\$ 802,613
Restricted cash	614,486	375,222
Contracts and grants receivable	578,581	282,972
Prepaid expenses and other assets	3,207	4,176
Total current assets	2,290,982	1,464,983
Property and equipment, net	337,030	353,504
Security deposits	4,050	5,350
Operating lease right-of-use assets	88,423	71,526
<b>TOTAL ASSETS</b>	<b>\$ 2,720,485</b>	<b>\$ 1,895,363</b>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 249,007	\$ 108,469
Accrued vacation payable	112,155	99,021
Amounts held in trust	5,388	26,084
Deferred event sponsorships	7,500	4,500
Current portion of operating lease liabilities	34,104	32,431
Current portion of long-term debt	26,662	25,319
Total current liabilities	434,816	295,824
Operating lease liabilities, net of current portion	53,769	37,944
Long-term debt, net of current portion	52,757	79,383
Total liabilities	541,342	413,151
Net assets:		
Without donor restrictions	1,584,604	1,151,044
With donor restrictions	594,539	331,168
Total net assets	2,179,143	1,482,212
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 2,720,485</b>	<b>\$ 1,895,363</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, 2025**  
**(WITH SUMMARIZED COMPARATIVE INFORMATION FOR JUNE 30, 2024)**

	Without Donor Restrictions	With Donor Restrictions	Total 2025	Total 2024
Support and revenue:				
Donations	\$ 135,082	\$ -	\$ 135,082	\$ 149,440
Bequest	342,600	-	342,600	-
Contribution of settlement residual funds	166,964	-	166,964	-
Special event revenue	\$ 35,250			
Less: direct costs of events	(11,854)			
Net revenue from special events	23,396	-	23,396	38,979
Government grants	1,834,362	-	1,834,362	1,731,140
Private grants	-	68,943	68,943	35,126
Grants from State Bar of California	-	1,259,144	1,259,144	733,971
Interest income	8,792	-	8,792	6,652
Contributed legal services	84,753	-	84,753	153,215
Other income	-	-	-	1,401
<b>Total support and revenue</b>	<b>2,595,949</b>	<b>1,328,087</b>	<b>3,924,036</b>	<b>2,849,924</b>
Net assets released from restrictions	1,064,716	(1,064,716)	-	-
Expenses:				
Program services	2,832,274	-	2,832,274	2,500,380
Support services:				
General and administrative	311,575	-	311,575	303,333
Fundraising	83,256	-	83,256	85,043
<b>Total support services</b>	<b>394,831</b>	<b>-</b>	<b>394,831</b>	<b>388,376</b>
<b>Total expenses</b>	<b>3,227,105</b>	<b>-</b>	<b>3,227,105</b>	<b>2,888,756</b>
Change in net assets	433,560	263,371	696,931	(38,832)
Net assets at beginning of year	1,151,044	331,168	1,482,212	1,521,044
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 1,584,604</b>	<b>\$ 594,539</b>	<b>\$ 2,179,143</b>	<b>\$ 1,482,212</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,**

	<b>2025</b>	<b>2024</b>
Cash flows from operating activities:		
Change in net assets	\$ 696,931	\$ (38,832)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	16,474	16,485
Amortization of operating lease right-of-use assets	35,302	30,815
Changes in operating assets and liabilities:		
Contracts and grants receivable	(295,609)	225,044
Prepaid expenses and other current assets	969	(1,455)
Security deposits	1,300	(1,650)
Accounts payable and accrued expenses	140,538	18,965
Accrued vacation payable	13,134	(178)
Amounts held in trust	(20,696)	22,205
Deferred event sponsorships	3,000	(18,250)
Operating lease liabilities	(34,701)	(34,988)
Net cash provided by operating activities	556,642	218,161
Cash flows from investing activities:		
Purchase of property and equipment	-	(6,875)
Net cash used in investing activities	-	(6,875)
Cash flow from financing activities:		
Principal payments on long-term debt	(25,283)	(23,927)
Net cash used in financing activities	(25,283)	(23,927)
Net increase in cash and cash equivalents	531,359	187,359
Cash, cash equivalents and restricted cash at beginning of year	1,177,835	990,476
<b>CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT END OF YEAR</b>	<b>\$ 1,709,194</b>	<b>\$ 1,177,835</b>

Supplemental Data:

Interest paid	\$ 4,964	\$ 6,320
Operating lease right-of-use assets obtained with operating lease liabilities	\$ 52,199	\$ 59,237

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, 2025**  
**(WITH SUMMARIZED COMPARATIVE INFORMATION FOR JUNE 30, 2024)**

	<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	\$ 149,898	\$ 420,892	\$ 1,427,862	\$ 167,665	\$ 171,894	\$ 2,338,211	
Computer & office equipment	3,544	9,951	33,760	3,964	4,064	55,283	
Office expenses	908	2,551	8,653	1,016	1,042	14,170	
Postage & printing	73	204	693	81	83	1,134	
Telecommunications	1,881	5,281	17,916	2,104	2,157	29,339	
Technology	1,947	5,468	18,550	2,178	2,233	30,376	
Training, travel & meetings	699	1,962	6,657	782	801	10,901	
Library	1,373	3,856	13,082	1,536	1,575	21,422	
Insurance	1,174	3,295	11,179	1,313	1,346	18,307	
Dues, subscription & membership	658	1,848	6,271	736	755	10,268	
Development	-	-	-	-	-	-	
Bank charges	-	-	-	-	-	-	
Staff appreciation	42	119	403	47	48	659	
Audit & tax	-	-	-	-	-	-	
Occupancy	3,807	10,690	36,267	4,259	4,366	59,389	
Direct client costs	851	2,389	8,105	952	976	13,273	
Subcontractor	-	130,362	-	-	-	130,362	
Depreciation	925	2,597	8,810	1,034	1,061	14,427	
In-kind legal services	5,433	15,256	51,756	6,077	6,231	84,753	
<b>Total at June 30, 2025</b>	<b>\$ 173,213</b>	<b>\$ 616,721</b>	<b>\$ 1,649,964</b>	<b>\$ 193,744</b>	<b>\$ 198,632</b>	<b>\$ 2,832,274</b>	
<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>	

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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, 2025**  
**(WITH SUMMARIZED COMPARATIVE INFORMATION FOR JUNE 30, 2024)**

	<b>Support Services</b>			<b>Total 2025</b>	<b>Total 2024</b>
	<b>General and Administrative</b>	<b>Fundraising</b>	<b>Total</b>		
Personnel expenses	\$ 258,358	\$ 65,730	\$ 324,088	\$ 2,662,299	\$ 2,360,306
Computer & office equipment	6,317	1,534	7,851	63,134	77,612
Office expenses	1,618	393	2,011	16,181	23,378
Postage & printing	130	31	161	1,295	2,092
Telecommunications	3,350	814	4,164	33,503	33,183
Technology	3,469	843	4,312	34,688	22,049
Training, travel & meetings	1,245	302	1,547	12,448	14,617
Library	2,446	594	3,040	24,462	24,208
Insurance	2,091	508	2,599	20,906	19,481
Dues, subscription & membership	1,173	285	1,458	11,726	8,764
Development	-	10,156	10,156	10,156	11,328
Bank charges	834	-	834	834	402
Staff appreciation	75	18	93	752	475
Audit & tax	22,040	-	22,040	22,040	20,388
Occupancy	6,782	1,648	8,430	67,819	73,796
Direct client costs	-	-	-	13,273	9,131
Subcontractor	-	-	-	130,362	17,846
Depreciation	1,647	400	2,047	16,474	16,485
In-kind legal services	-	-	-	84,753	153,215
<b>Total at June 30, 2025</b>	<b>\$ 311,575</b>	<b>\$ 83,256</b>	<b>\$ 394,831</b>	<b>\$ 3,227,105</b>	
<b>Total at June 30, 2024</b>	<b>\$ 303,333</b>	<b>\$ 85,043</b>	<b>\$ 388,376</b>		<b>\$ 2,888,756</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, 2025 AND 2024**

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Note 1: Organization and Summary of Significant Accounting Policies

Organization

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:

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

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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, 2025 AND 2024**

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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 uses 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.

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.

**LEGAL AID FOUNDATION OF SANTA BARBARA COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND 2024**

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

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.

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,

	2025	2024
Cash and cash equivalents	\$ 1,094,708	\$ 802,613
Cash and cash equivalents held in trust	614,486	375,222
Total Cash, Cash Equivalents and Cash Held in Trust	\$ 1,709,194	\$ 1,177,835

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, 2025 and 2024.

Revenue Recognition

LAF generates revenue primarily from the grants it receives from the State Bar of California, 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.

**LEGAL AID FOUNDATION OF SANTA BARBARA COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND 2024**

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

Reclassifications

Certain reclassifications have been made to the 2024 financial statement presentation to correspond to the current year's format. Total net assets and changes in net assets are unaffected by these reclassifications.

Note 2: Property and Equipment

Property and equipment consisted of the following at June 30,

	2025	2024
Land	\$ 189,847	\$ 189,847
Building	84,021	84,021
Improvements	242,305	242,305
Furniture, equipment and software	26,698	26,698
Total	542,871	542,871
Less: accumulated depreciation	(205,841)	(189,367)
Property and Equipment, Net	\$ 337,030	\$ 353,504

Depreciation and amortization expense for the years ended June 30, 2025 and 2024, was \$16,474 and \$16,485, respectively.

Note 3: Operating Leases

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

In July 2023, the Santa Maria 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 included 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 began at \$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, 2025 AND 2024**

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Note 3: Operating Leases - continued

In April 2022, LAF relocated its Lompoc office to a new location in Lompoc with greater accessibility and improved amenities to better serve clients. This lease began May 1, 2022, and ended June 30, 2025. The first two months' payments of this lease were abated for necessary repairs to the property. Thereafter, lease payments ranged from \$1,300 per month to \$1,379 per month. The lease agreement includes two options to extend the lease for three years, the first of which was exercised during the year ended June 30, 2025 and extended the lease to June 30, 2028. Lease payments range from \$1,421 to \$1,507.

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. LAF has no finance leases.

As of June 30, 2025, lease expense was approximately \$2,900 per month. In addition, LAF is responsible for a percentage of the common area operating expenses.

Rent expense for the years ended June 30, 2025 and June 30, 2024 was \$42,099 and \$40,735 respectively.

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

2026	\$ 36,847
2027	37,358
2028	18,084
Thereafter	-
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Total lease payments	92,289
Less: interest	(4,416)
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Present value of lease liabilities	87,873
Less: current operating lease liabilities	(34,104)
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Long-Term Operating Lease Liabilities	\$ 53,769

**LEGAL AID FOUNDATION OF SANTA BARBARA COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND 2024**

Note 3: Operating Leases - continued

At June 30, 2025, the weighted-average remaining lease term and the weighted-average discount rate for operating leases was 30 months and 4.09%, respectively.

Cash paid for amounts included in the measurement of operating liabilities was \$34,971 during the year-ended June 30, 2025, 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,

	2025	2024
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.	\$ 79,419	\$ 104,702
Less: current portion	(26,662)	(25,319)
Long-Term Debt	\$ 52,757	\$ 79,383

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

2026	\$ 26,662
2027	28,117
2028	24,640
Thereafter	-
Total	\$ 79,419

**LEGAL AID FOUNDATION OF SANTA BARBARA COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND 2024**

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	\$ 395,359
Subject to passage of time:	
For periods after June 30, 2025	199,180
<b>Total</b>	<b>\$ 594,539</b>

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, 2025, 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 restricted cash	\$ 1,709,194
Contracts and grants receivable	578,581
Financial assets at year-end	2,287,775
Amounts held in trust	(5,388)
Debt principal and interest	(30,252)
Minimum lease payments	(36,847)
Contractual donor-imposed restrictions:	
Donor-imposed purpose	(395,359)
Donor-imposed time of use	(199,180)
Board-designated reserve	(275,000)
<b>Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year</b>	<b>\$ 1,345,749</b>

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, 2025 AND 2024**

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Note 7:        Retirement Plan

LAF sponsors a defined contribution retirement plan (“the SEP 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 SEP Plan for the years ended June 30, 2025 and 2024 were based on participant compensation and totaled \$51,625 and \$42,613, respectively.

LAF also sponsors a defined contribution retirement plan (“the 403(b) Plan”) under Section 403(b) of the Internal Revenue Code. Eligible employees may make voluntary contributions to the 403(b) Plan up to the limits established by the Internal Revenue Service. LAF did not make any employer contributions to the 403(b) Plan during the year ended June 30, 2025. All contributions are fully vested when made and are remitted to the plan custodian as soon as administratively feasible. LAF’s responsibility with respect to the 403(b) Plan is limited to the timely remittance of employee contributions.

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.

**LEGAL AID FOUNDATION OF SANTA BARBARA COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025 AND 2024**

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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, 2025 and 2024 were reviewed, and it was determined that no provision for uncertain tax positions is required.

Note 12: Bequest

During the year ended June 30, 2025, LAF received a bequest of \$342,600 from the estate of a supporter. The funds were unrestricted and are recorded as contribution revenue without donor restrictions in the accompanying statement of activities.

LAF was one of several charitable beneficiaries designated in the donor's estate. As of June 30, 2025, the estate's trustee retained approximately \$100,000 in reserve to cover final trust administration expenses and any remaining obligations of the estate. The amount of the final distribution, if any, cannot be reasonably estimated at this time and will be recognized when LAF's right to the funds becomes unconditional. Management expects the estate to be settled and any remaining proceeds, net of expenses, to be distributed subsequent to year-end.

Note 13: Donation of Settlement Residual Funds

During the year ended June 30, 2025, LAF received \$166,964 in residual funds from a legal settlement in which certain plaintiffs could not be located. LAF was designated by the court as a cy pres beneficiary because its mission aligns with the interests of the settlement class. LAF was not a party to the litigation. The funds were unrestricted and are recorded as contribution revenue without donor restrictions in the accompanying statement of activities.

Note 14: Subsequent Events

In September 2025, LAF repaid the total remaining balance of the mortgage loan described in Note 4 as an early payoff of the loan.

LAF has evaluated subsequent events through October 29, 2025, the date which the financial statements were available to be issued.