

Legal Services NYC and Constituent Corporations

Consolidated Financial Report
and Supplementary Information
December 31, 2024

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Independent Auditor's Report

Board of Directors
Legal Services NYC and Constituent Corporations

Opinion

We have audited the consolidated financial statements of Legal Services NYC and Constituent Corporations (collectively, Legal Services NYC), which comprise the consolidated statement of financial position as of December 31, 2024, the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Legal Services NYC as of December 31, 2024, and the changes in their net assets and their 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 (GAAS). 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 Legal Services NYC 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Legal Services NYC's ability to continue as a going concern within one year after the date that the financial statements are issued or 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 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 the 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 services NYC'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 Services NYC'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 Services NYC's 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 30, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information is presented for purposes of additional analysis rather than to present the financial position, results of operations and cash flows of the individual companies and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

RSM US LLP

New York, New York
August 27, 2025

FINANCIAL STATEMENTS

**LEGAL SERVICES NYC
AND CONSTITUENT CORPORATIONS**
Consolidated Statement of Financial Position
December 31, 2024

(With summarized comparative information as of December 31, 2023)

ASSETS	2024	2023
<i>Current assets</i>		
Cash and cash equivalents	\$ 3,151,864	\$ 5,246,814
Government and private contracts receivable	33,276,831	29,948,601
Grants and contributions receivable	1,651,449	1,400,752
Other receivables	217,785	225,539
Prepayments	585,611	515,451
Escrow cash accounts	1,105,656	792,816
Total current assets	<u>39,989,196</u>	<u>38,129,973</u>
<i>Other assets</i>		
Property, equipment, and law libraries, net	8,919,622	7,237,730
Operating lease right-of-use assets	69,285,788	52,350,679
Finance lease, right-of-use assets, net	523,021	595,980
Security deposits	937,450	755,577
Certificate of deposit	728,560	713,537
Total assets	<u>\$ 120,383,637</u>	<u>\$ 99,783,476</u>
LIABILITIES AND NET ASSETS		
<i>Current liabilities</i>		
Accounts payable and accrued expenses	\$ 10,643,856	\$ 6,833,550
Current portion of operating lease liabilities	4,023,543	3,711,440
Current maturities of finance lease liabilities	295,452	310,056
Loan payable, current portion	25,744	-
Contract advances	718,692	898,334
Accrued vacation leave payable	7,699,353	7,004,981
Due to grantor	37,912	82,370
Line of credit	-	3,000,000
Escrow accounts	1,105,656	792,816
Total current liabilities	<u>24,550,208</u>	<u>22,633,547</u>
<i>Long-term debt and other obligations</i>		
Loan payable, noncurrent	785,729	-
Operating lease liabilities, noncurrent	69,998,574	52,084,158
Finance lease liabilities, net of current portion	254,290	305,620
Total liabilities	<u>95,588,801</u>	<u>75,023,325</u>
Commitments and contingencies (note 12)		
<i>Net assets</i>		
Net assets without donor restrictions:		
Undesignated	16,067,157	16,006,221
Board-designated	7,792,407	7,777,407
Legal Services Corporation - Property	469,288	515,419
Total net assets without donor restrictions	<u>24,328,852</u>	<u>24,299,047</u>
Net assets with donor restrictions:	<u>465,984</u>	<u>461,104</u>
Total net assets	<u>24,794,836</u>	<u>24,760,151</u>
Total liabilities and net assets	<u>\$ 120,383,637</u>	<u>\$ 99,783,476</u>

See notes to consolidated financial statements.

**LEGAL SERVICES NYC
AND CONSTITUENT CORPORATIONS**

Consolidated Statement of Activities

Year Ended December 31, 2024

(With summarized comparative information for the year ended December 31, 2023)

	Without Donor Restrictions	With Donor Restrictions	2024 Total	2023 Total
SUPPORT AND REVENUE				
<i>Grants and contributions</i>				
Legal Services Corporation (LSC)				
Basic grant	\$ 15,778,696	\$ -	\$ 15,778,696	\$ 15,752,685
LSC attorney fees	296,674	-	296,674	-
Other grants	127,346	-	127,346	304,687
Interest on Lawyers' Account (IOLA)	9,346,077	-	9,346,077	6,505,825
Contributions of nonfinancial assets	80,007,966	-	80,007,966	71,368,543
Fund-raising events	1,455,284	-	1,455,284	1,406,739
Private grants and contributions	2,154,482	629,039	2,783,521	3,009,838
Private grants and contributions - board-designed	15,000	-	15,000	2,115,000
Total grants and contributions	109,181,525	629,039	109,810,564	100,463,317
<i>Revenue</i>				
Government and private contracts	93,481,158	-	93,481,158	80,379,699
Attorney fees	251,358	-	251,358	853,782
Interest	15,069	-	15,069	20,990
Other revenue	14,052	-	14,052	250
Total revenue	93,761,637	-	93,761,637	81,254,721
Net assets released from restrictions	624,159	(624,159)	-	-
Total support and revenue	203,567,321	4,880	203,572,201	181,718,038
EXPENSES				
<i>Personnel</i>				
Lawyers	45,796,854	-	45,796,854	40,993,042
Lawyers, contributed	80,007,966	-	80,007,966	71,368,543
Nonlawyers	27,659,504	-	27,659,504	23,078,233
Fringe benefits	27,860,200	-	27,860,200	24,752,999
Provision for vacation leave	694,372	-	694,372	(5,315)
Total personnel	182,018,896	-	182,018,896	160,187,502
<i>Other than personnel costs</i>				
Consultants and contract services	2,879,239	-	2,879,239	3,121,431
Travel	262,701	-	262,701	227,126
Space	7,863,351	-	7,863,351	6,988,684
Consumable supplies	847,684	-	847,684	645,305
Telephone	1,204,739	-	1,204,739	1,096,475
Insurance	321,436	-	321,436	322,256
Equipment rental, maintenance, etc.	383,523	-	383,523	399,741
Depreciation and amortization	1,436,597	-	1,436,597	1,293,045
Litigation cost	827,250	-	827,250	717,476
Other	2,502,176	-	2,502,176	1,667,962
Bad debt	147,719	-	147,719	179,966
Payments to other organizations	2,842,205	-	2,842,205	2,085,532
Total other than personnel costs	21,518,620	-	21,518,620	18,744,999
Total expenses	203,537,516	-	203,537,516	178,932,501
Change in net assets	29,805	4,880	34,685	2,785,537
Net assets at beginning of year	24,299,047	461,104	24,760,151	21,974,614
Net assets at end of year	\$ 24,328,852	\$ 465,984	\$ 24,794,836	\$ 24,760,151

See notes to consolidated financial statements.

**LEGAL SERVICES NYC
AND CONSTITUENT CORPORATIONS**

Consolidated Statement of Cash Flows

Year Ended December 31, 2024

(With summarized comparative information for the year ended December 31, 2023)

CASH FLOWS FROM OPERATING ACTIVITIES	2024	2023
Change in net assets	\$ 34,685	\$ 2,785,537
<i>Adjustments to reconcile change in net assets to net cash provided by operating activities</i>		
Depreciation and amortization	1,436,597	1,293,045
Bad debt	147,719	179,966
Changes in operating assets and liabilities:		
Increase in government and private contracts receivable	(3,475,949)	(4,240,058)
Increase in grants and contributions receivable	(250,697)	(100,787)
Decrease (increase) in other receivable	7,754	(84,337)
Increase in prepayments	(70,160)	(39,796)
Increase in security deposits	(181,873)	(8,129)
Amortization of operating lease right-of-use assets	4,347,148	5,163,537
Increase in accounts payable and accrued expenses	3,810,306	311,103
Decrease in contract advances	(179,642)	(224,869)
Increase (decrease) in accrued vacation leave payable	694,372	(5,315)
(Decrease) increase in due to grantor	(44,458)	67,578
Increase in escrow accounts	312,840	313,087
Decrease in operating lease liabilities	(3,055,738)	(4,633,211)
Net cash provided by operating activities	3,532,904	777,351
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of a certificate of deposit	(15,023)	(14,674)
Purchases of property and equipment	(1,945,241)	(1,064,608)
Net cash used in investing activities	(1,960,264)	(1,079,282)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of line of credit	(15,000,000)	(2,507,712)
Proceeds from line of credit	12,000,000	3,000,000
Payment on finance leases	(354,750)	(340,004)
Net cash (used in) provided by financing activities	(3,354,750)	152,284
Net change in cash, cash equivalents and escrow cash accounts	(1,782,110)	(149,647)
Cash, cash equivalents and escrow cash accounts at beginning of year	6,039,630	6,189,277
Cash, cash equivalents and escrow cash accounts at end of year	\$ 4,257,520	\$ 6,039,630
SUPPLEMENTARY DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid for interest	\$ 312,082	\$ 50,042
Loan received for leasehold improvement	\$ 811,473	\$ -

See notes to consolidated financial statements.

**LEGAL SERVICES NYC
AND CONSTITUENT CORPORATIONS**

Notes to Consolidated Financial Statements

December 31, 2024

(With selected summarized comparative information as of and for the year ended December 31, 2023)

NOTE 1 ORGANIZATION

Legal Services NYC is a not-for-profit corporation organized for the purpose of providing legal assistance in noncriminal proceedings or matters to indigent persons in the New York City area.

Legal Services NYC disburses grant funds under the Legal Services Corporation ("LSC") legal assistance program to controlled organizations of Constituent Corporations ("CCs") and to independent organizations, including The Legal Aid Society and Center for Disability Advocacy Rights, Inc. In this connection, Legal Services NYC exercises fiscal and compliance responsibilities with respect to the CCs.

Legal Services NYC maintains the books of account for the CCs (all of which are separate corporations) and makes payments for substantially all of their expenditures. The accompanying consolidated financial statements include the accounts and activities of the following corporations:

Legal Services NYC, the controlling entity, which is comprised of administrative and programmatic units as follows:

Central Administration (Central)
Staten Island Branch (Staten Island)
Legal Support Unit (Support Unit)

Legal Services NYC's four constituent corporations are as follows:

Queens Legal Services Corporation (Queens)
Brooklyn Legal Services Corporation (Brooklyn)
Manhattan Legal Services (Manhattan)
Legal Services NYC - Bronx (Bronx)

All material inter-organizational accounts and transactions among Legal Services NYC and the CCs have been eliminated in consolidation.

Legal Services NYC and the CCs are collectively referred to as "Legal Services NYC."

**LEGAL SERVICES NYC
AND CONSTITUENT CORPORATIONS**

Notes to Consolidated Financial Statements

December 31, 2024

(With selected summarized comparative information as of and for the year ended December 31, 2023)

NOTE 1 ORGANIZATION (CONTINUED)

Legal Services NYC and the CCs are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the "Code") and from New York State and the City of New York income taxes and, therefore, have made no provision in the accompanying consolidated financial statements for income taxes. In addition, Legal Services NYC and the CCs have been determined by the Internal Revenue Service not to be "private foundations" within the meaning of Section 509(a) of the Code.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Accounting and Financial Statement Presentation

The accompanying consolidated financial statements are prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) for not-for-profit organizations. Legal Services NYC reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

Net Assets Without Donor Restrictions: Net assets without donor restrictions include funds having no restriction as to the use, purpose or time imposed by the donors.

Net Assets With Donor Restrictions: Net assets with donor restrictions are those assets whose use by Legal Services NYC has been limited by donors to a specific time period or purpose.

2. Cash and Cash Equivalents

Cash and cash equivalents consist of highly liquid deposits with an original maturity of three months or less.

3. Certificate of Deposit

Certificate of deposit matures five years after date of issuance. At December 31, 2024 and 2023, the certificate of deposit of \$728,560 and \$713,537, respectively, is valued at amortized cost plus accrued interest.

**LEGAL SERVICES NYC
AND CONSTITUENT CORPORATIONS**

Notes to Consolidated Financial Statements

December 31, 2024

(With selected summarized comparative information as of and for the year ended December 31, 2023)

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

4. Escrow Cash Accounts

Escrow cash accounts are for depositing cash received from clients as advance payment for court costs. This cash is returned to client when the case is resolved. The escrow accounts are reported as assets and liabilities on the consolidated statements of financial position.

The following table provides a reconciliation of cash, cash equivalents, and escrow cash accounts reported on the accompanying consolidated statement of financial position that sum to the total of the same such amounts shown in the consolidated statement of cash flows.

	2024	2023
Cash and cash equivalents	\$ 3,151,864	\$ 5,246,814
Escrow cash accounts	1,105,656	792,816
	<u>\$ 4,257,520</u>	<u>\$ 6,039,630</u>

5. Private Grants and Contributions

Private grants and contributions are recorded as revenue when either cash is received or when donors make an enforceable promise to give. Private grants and contributions are recorded as with donor restrictions and without donor restrictions support, depending on the existence and/or nature of any donor restrictions. Conditional pledges are not included as revenue until the conditions, which represent performance barriers that must be overcome before Legal Services NYC is entitled to the assets transferred, are fulfilled (See section 7).

All unconditional donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), donor-restricted net assets are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. Conditional donor-restricted support is recognized directly as revenue without donor restrictions if the restriction is met in the same period that the revenue is recognized/condition is met.

**LEGAL SERVICES NYC
AND CONSTITUENT CORPORATIONS**

Notes to Consolidated Financial Statements

December 31, 2024

(With selected summarized comparative information as of and for the year ended December 31, 2023)

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Private grants and contributions receivable that are expected to be collected within one year are recorded at the net realizable value. Private grants and contributions receivable that are to be collected in more than one year are recorded at the present value of their estimated future cash flows, using a discount rate that also considers the risk factors of the donor at the time the receivable is recorded. Legal Services NYC expects to collect all private grants and contributions receivable within one year. An allowance for doubtful grants and contributions receivable is provided by management based on Legal Services NYC's experience with the donors and their ability to pay. There was no allowance for doubtful grants and contributions for 2024 and 2023.

There was no donor concentration in 2024. During 2023, Legal Services NYC received a contribution from one donor in an amount of \$2,100,000 which accounted for 41% of total private grants and contributions balance.

6. Government and Private Contracts, LSC grant and Interest on Lawyers' Account (IOLA)

Revenue from government and private contracts, LSC grant, and Interest on Lawyers' Account (IOLA) are considered nonexchange transactions. Revenue from expense reimbursement-based government and private contracts is recognized when reimbursable expenses are incurred under the terms of the contracts. Revenue from performance-based government and private contracts is recognized when performance objectives pursuant to the contract have been accomplished. An amount of the contract balance for the remaining contract period is not recognized as revenue until barriers are overcome. Contract payments in excess of qualified expenses or performance are reported as contract advances. Contract advances were \$718,692 and \$898,334 as of December 31, 2024 and 2023, respectively. Donor restricted government and private contract revenue is recognized directly as revenue without donor restrictions if the restriction is met in the same period that the revenue is received and condition is met.

**LEGAL SERVICES NYC
AND CONSTITUENT CORPORATIONS**

Notes to Consolidated Financial Statements

December 31, 2024

(With selected summarized comparative information as of and for the year ended December 31, 2023)

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

7. Conditional Receivables

Conditional receivables, which contain donor-imposed conditions that represent a barrier that must be overcome as well as a right of release from obligation, shall be recognized when the condition or conditions on which they depend are substantially met, that is, when the conditional promise becomes unconditional. As of December 31, 2024 and 2023, Legal Services NYC has outstanding unrecorded conditional receivables of approximately \$37,419,000 and \$37,640,000, respectively, from contributions, grants and contracts.

8. Contributions of Nonfinancial Assets

Contributed nonfinancial assets are reported as revenue and expense at their estimated fair value on the date of receipt. Contributed services are reported as contributions at their fair value if such services create or enhance nonfinancial assets or would have been purchased if not provided by donation, require specialized skills, and are provided by individuals possessing such specialized skills.

A number of volunteers have made a contribution of their time to Legal Services NYC to serve on the board of directors. The value of this contributed time is not reflected in these consolidated financial statements since such services would not typically be purchased had they not been provided by donation.

9. Attorney Fees

Legal Services NYC receives attorney fees as payment for damages awarded and/or statutory benefits. Attorney fees revenue is recognized when the notice of the payment is received.

**LEGAL SERVICES NYC
AND CONSTITUENT CORPORATIONS**

Notes to Consolidated Financial Statements

December 31, 2024

(With selected summarized comparative information as of and for the year ended December 31, 2023)

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

10. Property, Equipment, and Law Libraries

Purchase of property, equipment and law libraries in excess of \$25,000 per unit are capitalized. Property, equipment and law libraries are recorded at cost or the fair value of the donated property at date of gift. Depreciation and amortization of property, equipment, and law libraries are computed on the straight-line basis over their estimated service lives, as follows:

Buildings and leasehold improvements	25 years
Furniture, fixtures, and office equipment	5 - 10 years
Law libraries	5 years

Leasehold improvements are amortized over the lesser of their estimated useful lives or the lease period.

11. Estimates

The preparation of financial statements in conformity with 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 consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

12. Income Taxes

As exempt organizations, Legal Services NYC and the CCs are subject to taxes on unrelated business income (UBIT), if applicable. For the years ended December 31, 2024 and 2023, Legal Services NYC and CCs did not owe any UBIT. Legal Services NYC and CCs are not classified as private foundations. The amount paid for 2018 UBIT in the amount of \$132,000 is to be refunded to Legal Services NYC and is included in the other receivables balance in the consolidated statement of financial position as of December 31, 2024 and 2023.

**LEGAL SERVICES NYC
AND CONSTITUENT CORPORATIONS**

Notes to Consolidated Financial Statements

December 31, 2024

(With selected summarized comparative information as of and for the year ended December 31, 2023)

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Management has evaluated the income tax positions of Legal Services NYC and the CCs for the years ended December 31, 2024 and 2023, and concluded that there are no uncertain income tax positions that require adjustments or disclosures to the accompanying consolidated financial statements. Legal Services NYC and its Constituent Corporations are no longer subject to U.S. federal, state or local income tax examinations by tax authorities for years before 2021.

13. Evaluation of Subsequent Events

Legal Services NYC evaluates events occurring after the date of the consolidated financial statements to consider whether or not the impact of such events needs to be reflected or disclosed in the consolidated financial statements. Such evaluation is performed through the date the consolidated financial statements are issued or are available to be issued, which was August 27, 2025.

14. Prior-Year Summarized Comparative Information

The accompanying consolidated financial statements include certain prior-year summarized comparative information in total, but not by net asset class of functional expense classification. 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 Legal Services NYC's consolidated financial statements for the year ended December 31, 2023, from which the summarized information was derived.

15. Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation. Reclassifications had no effect on the change in net assets for the years presented.

**LEGAL SERVICES NYC
AND CONSTITUENT CORPORATIONS**

Notes to Consolidated Financial Statements

December 31, 2024

(With selected summarized comparative information as of and for the year ended December 31, 2023)

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

16. Leases

Legal Services NYC determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. Under Topic 842, a contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) the customer obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. Legal Services NYC also considers whether its service arrangements include the right to control the use of an asset.

Future lease payments may include fixed rent escalation clauses or payments that depend on an index (such as the consumer price index). Subsequent changes of an index and other periodic market-rate adjustments to base rent are recorded in variable lease expense in the period incurred. Payments for terminating the lease are included in the lease payments only when it is probable they will be incurred.

Legal Services NYC's leases may include a nonlease component representing additional services transferred to Legal Services NYC, such as common area maintenance for real estate. Legal Services NYC made an accounting policy election to account for each separate lease component and the nonlease components associated with that lease component as a single lease component. Nonlease components that are variable in nature are recorded in variable lease expense in the period incurred.

To determine the present value of lease payments, Legal Services NYC made an accounting policy election available to nonpublic companies to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date. The risk-free discount rates were obtained using U.S. Treasury securities as posted on the Federal Reserve website.

**LEGAL SERVICES NYC
AND CONSTITUENT CORPORATIONS**

Notes to Consolidated Financial Statements

December 31, 2024

(With selected summarized comparative information as of and for the year ended December 31, 2023)

**NOTE 3 LEGAL SERVICES CORPORATION GRANT AND EXCESS FUND
BALANCE**

Legal Services NYC is funded by the conditional grants from LSC, a not-for-profit corporation established by Congress to administer the federal government's legal assistance program.

In accordance with the terms of its LSC grants, Legal Services NYC may retain up to 10% of unexpended basic grant award funds for use in future periods provided expenses are incurred in compliance with the specified terms of each grant, as defined. There was \$20,803 and \$229,111 unexpended basic grant awards as of December 31, 2024 and 2023, respectively. The unexpended basic grant award funds for use in the future period were less than 10%. If Legal Services NYC does not comply with the terms of the LSC grants, then, under certain circumstances, LSC may, at its discretion, request (1) reimbursement for expenditures that are not in compliance with the grants and/or (2) return of unexpended funds. In addition, if Legal Services NYC terminates its legal assistance activities, all unexpended funds are to be returned to LSC.

The LSC revenue recognized in 2024 and 2023 was \$16,202,716 and \$16,057,372, respectively. The excess of cash receipts from grant awards and LSC attorney fees over program qualifying expenditures, in the amount of \$20,803 and \$229,111 as of December 31, 2024 and 2023, respectively, is included in contract advances on the consolidated statements of financial position.

	2024			
	Basic Field	Pro Bono Tenant	Pro Bono Public Benefits	Total
Beginning Balance of Contract Advance, 1/1/2024	\$ 229,111	\$ -	\$ -	\$ 229,111
Beginning Balance of receivables, 1/1/2024	-	(42,320)	(225,454)	(267,774)
Cash Received for grants revenue	15,767,245	42,158	282,461	16,091,864
Cash received for attorney fees	99,817	-	-	99,817
Grants revenue	(15,778,696)	-	(127,346)	(15,906,042)
LSC attorney fee revenue	(296,674)	-	-	(296,674)
Ending balance of receivables, 12/31/2024	-	162	70,339	70,501
Ending Balance of Contract Advance, 12/31/2024	<u>\$ 20,803</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,803</u>

**LEGAL SERVICES NYC
AND CONSTITUENT CORPORATIONS**
Notes to Consolidated Financial Statements
December 31, 2024

(With selected summarized comparative information as of and for the year ended December 31, 2023)

**NOTE 3 LEGAL SERVICES CORPORATION GRANT AND EXCESS FUND
BALANCE (CONTINUED)**

	2023				
	Basic Field	Pro Bono Tenant	Pro Bono Innovation	Pro Bono Public Benefits	Total
Beginning Balance of Contract Advance, 1/1/2023	\$ -	\$ -	\$ 711	\$ -	\$ 711
Beginning Balance of receivables, 1/1/2023	-	(62,962)	-	(77,362)	(140,324)
Balance returned to the funder	-	-	(711)	-	(711)
Cash Received for grants revenue	15,767,245	95,369	-	81,868	15,944,482
Cash received for attorney fees	214,551	-	-	-	214,551
Grants revenue	(15,752,685)	(74,727)	-	(229,960)	(16,057,372)
Ending balance of receivables, 12/31/2023	-	42,320	-	225,454	267,774
Ending Balance of Contract Advance, 12/31/2023	<u>\$ 229,111</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 229,111</u>

NOTE 4 PROPERTY, EQUIPMENT, AND LAW LIBRARIES

Property, equipment, and law libraries as of December 31, 2024 and 2023, are detailed as follows:

Asset Description	2024		
	Cost	Accumulated Depreciation and Amortization	Net Book Value
Building	\$ 4,914,190	\$ 1,818,352	\$ 3,095,838
Leasehold improvements	8,928,149	5,834,975	3,093,174
Furniture, fixtures, and equipment	7,390,827	4,667,594	2,723,233
Law libraries	69,911	62,534	7,377
Total	<u>\$ 21,303,077</u>	<u>\$ 12,383,455</u>	<u>\$ 8,919,622</u>

**LEGAL SERVICES NYC
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Notes to Consolidated Financial Statements

December 31, 2024

(With selected summarized comparative information as of and for the year ended December 31, 2023)

NOTE 4 PROPERTY, EQUIPMENT, AND LAW LIBRARIES (CONTINUED)

Asset Description	2023		
	Cost	Accumulated Depreciation and Amortization	Net Book Value
Building	\$ 4,914,190	\$ 1,617,020	\$ 3,297,170
Leasehold improvements	7,416,225	5,507,908	1,908,317
Furniture, fixtures, and equipment	6,146,036	4,124,735	2,021,301
Law libraries	69,911	58,969	10,942
Total	<u>\$ 18,546,362</u>	<u>\$ 11,308,632</u>	<u>\$ 7,237,730</u>

Depreciation and amortization expenses were \$1,436,597 and \$1,293,045 for the years ended December 31, 2024 and 2023, respectively.

LSC and other government agencies may retain certain reversionary interests in the property, equipment, and law libraries purchased with their funds, as well as the determination of the use of any proceeds from the sale of such assets.

LSC property, equipment, and law libraries, included in the previous tables, as of December 31, 2024 and 2023, are detailed as follows:

Asset Description	2024		
	Cost	Accumulated Depreciation and Amortization	Net Book Value
Leasehold improvements	\$ 1,078,031	\$ 861,905	\$ 216,126
Furniture, fixtures, and equipment	414,263	168,479	245,784
Library	17,824	10,446	7,378
Total	<u>\$ 1,510,118</u>	<u>\$ 1,040,830</u>	<u>\$ 469,288</u>

**LEGAL SERVICES NYC
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December 31, 2024

(With selected summarized comparative information as of and for the year ended December 31, 2023)

NOTE 4 PROPERTY, EQUIPMENT, AND LAW LIBRARIES (CONTINUED)

Asset Description	Cost	2023	
		Accumulated Depreciation and Amortization	Net Book Value
Leasehold improvements	\$ 1,059,281	\$ 800,287	\$ 258,994
Furniture, fixtures, and equipment	359,095	113,613	245,482
Library	17,824	6,881	10,943
Total	<u>\$ 1,436,200</u>	<u>\$ 920,781</u>	<u>\$ 515,419</u>

NOTE 5 GOVERNMENT AND PRIVATE CONTRACTS RECEIVABLE

At December 31, 2024 and 2023, government and private contracts receivable consisted of the following:

	2024	2023
Federal	\$ 1,047,316	\$ 1,833,951
New York State	11,026,583	11,343,296
New York City	19,480,882	15,486,358
Private contracts	1,722,050	1,284,996
	<u>\$ 33,276,831</u>	<u>\$ 29,948,601</u>

Legal Services NYC expects to collect all government and private contracts receivable within one year. Accordingly, no provision for doubtful accounts has been recognized in the accompanying consolidated financial statements.

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(With selected summarized comparative information as of and for the year ended December 31, 2023)

NOTE 6 SUMMARY OF FUNDING UNDER GOVERNMENT AND PRIVATE CONTRACTS

Government and private contracts revenue for the years ended December 31, 2024 and 2023, are summarized as follows:

	2024	2023
Federal	\$ 1,947,737	\$ 1,727,549
New York State	30,043,914	22,768,227
New York City	58,744,761	53,235,621
Private contracts	2,744,746	2,648,302
	<u>\$ 93,481,158</u>	<u>\$ 80,379,699</u>

NOTE 7 LOAN PAYABLE

In connection with a lease agreement entered with its landlord in 2024, Legal Services NYC will reimburse the landlord for the leasehold improvement costs of \$811,743. The payable balance consists of:

Loan payable, 7.25% maturing February 2040	\$ 811,473
Less current portion	25,744
	<u>\$ 785,729</u>

Future minimum payments for the loan payable consist of:

Year ending December 31,	
2025	\$ 25,742
2026	33,009
2027	35,483
2028	38,143
2029	41,002
Thereafter	638,094
	<u>\$ 811,473</u>

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(With selected summarized comparative information as of and for the year ended December 31, 2023)

NOTE 8 ACCRUED VACATION LEAVE PAYABLE

Legal Services NYC's vacation policy permits management and nonmanagement personnel to accrue up to 45 days and 40 days, respectively, of paid vacation time.

The accumulated vacation obligation as of December 31, 2024 and 2023, was as follows:

	2024	2023
Management personnel	\$ 3,076,854	\$ 2,624,374
Nonmanagement personnel	4,622,499	4,380,607
	<u>\$ 7,699,353</u>	<u>\$ 7,004,981</u>

NOTE 9 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at December 31, 2024 and 2023, are available to satisfy time and purpose restricted for various programs. The changes in Legal Services NYC's net assets with donor restrictions are summarized below:

	Balance January 1, 2024	Revenue	Release from Restrictions	Balance December 31, 2024
Time and purpose restricted	\$ 461,104	\$ 629,039	\$ (624,159)	\$ 465,984

	Balance January 1, 2023	Revenue	Release from Restrictions	Balance December 31, 2023
Time and purpose restricted	\$ 426,048	\$ 805,159	\$ (770,103)	\$ 461,104

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(With selected summarized comparative information as of and for the year ended December 31, 2023)

NOTE 10 EMPLOYEE BENEFIT PLAN

Legal Services NYC sponsors The Legal Services NYC Tax Deferred Annuity Plan (the Plan), a 403(b) plan covering all eligible employees of Legal Services NYC and the constituent corporations. Under the terms of the collective bargaining agreement between the Legal Services Staff Association and Legal Services NYC, Legal Services NYC contributes 7% of gross pay of eligible employees to the Plan. Contributions are made every pay period and are made on behalf of employees with one or more years of service. The Plan provides for immediate vesting. Past service was credited towards vesting. The total pension expenses for the years ended December 31, 2024 and 2023, were approximately \$4,357,000 and \$3,882,000, respectively, and are included in fringe benefits on the consolidated statements of activities.

NOTE 11 LEASES

Legal Services NYC leases premises for general office use from unrelated parties under operating lease agreements that have terms from transition of 2.00 to 20.42 years. These leases include one to two renewal options of five years, exercisable generally at Legal Services NYC sole discretion, with renewal terms that can extend the lease term. These options to extend a lease are included in the lease terms when it is reasonably certain that Legal Services NYC will exercise that option. Legal Services NYC also leases equipment from unrelated parties under finance lease agreements that have terms of up to 4 years. Legal Services NYC's leases generally do not contain any material restrictive covenants.

Operating lease cost is recognized on a straight-line basis over the lease term. Finance lease cost is recognized as a combination of the amortization expense for the right-of-use assets and interest expense for the outstanding lease liabilities, and results in a front-loaded expense pattern over the lease term. The components of lease expense are as follows:

	2024	2023
Operating lease cost	\$ 5,716,212	\$ 5,324,140
Finance lease cost - amortization of right-of-use assets	361,774	348,675
Finance lease cost - interest on lease liabilities	23,280	17,554
Total lease cost	<u>\$ 6,101,266</u>	<u>\$ 5,690,369</u>

LEGAL SERVICES NYC
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(With selected summarized comparative information as of and for the year ended December 31, 2023)

NOTE 11 LEASES (CONTINUED)

The operating and finance lease costs above are included in Space and Depreciation and Amortization expense line items in the consolidated statement of activities. Short-term lease expense is not material to Legal Services NYC's consolidated financial statements.

Supplemental cash flow information related to leases is as follows for the years ended December 31, 2024 and 2023:

	2024	2023
Cash paid for amounts included in measurement of lease liabilities:		
Operating cash outflows - payments on operating leases	\$ 5,442,564	\$ 4,769,309
Operating cash outflows - interest payments on finance leases	23,228	17,283
Financing cash outflows - payments on finance leases	354,750	340,004
Right-of-use assets obtained in exchange for new lease obligations:		
Operating leases	\$ 21,286,560	\$ 9,737,913
Finance leases	288,816	275,842

Supplemental consolidated statement of financial position information related to leases at December 31, 2024 and 2023, are as follows:

	2024	2023
Operating Leases:		
Operating lease right-of-use assets	\$ 69,285,788	\$ 52,350,679
Other current liabilities	4,023,543	3,711,440
Operating lease liabilities, noncurrent	69,998,574	52,084,158
Total operating lease liabilities	\$ 74,022,117	\$ 55,795,598
Finance Leases:		
Equipment and leasehold improvements	\$ 1,165,873	\$ 1,067,172
Accumulated depreciation	(642,852)	(471,192)
Finance lease, right-of-use assets, net	\$ 523,021	\$ 595,980
Current maturities of finance lease liabilities	\$ 295,452	\$ 310,056
Finance lease liabilities, noncurrent	254,290	305,620
Total finance lease liabilities	\$ 549,742	\$ 615,676

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Notes to Consolidated Financial Statements

December 31, 2024

(With selected summarized comparative information as of and for the year ended December 31, 2023)

NOTE 11 LEASES (CONTINUED)

	2024	2023
Weighted-average remaining lease term:		
Operating leases	16.52 years	14.46 years
Finance leases	2.08 years	2.12 years
Weighted-average discount rate:		
Operating leases	3.21%	2.35%
Finance leases	4.06%	3.40%

Future undiscounted cash flows for each of the next five years and thereafter and reconciliation to the lease liabilities recognized on the consolidated statements of financial position as of December 31, 2024 is as follows:

	Operating Leases	Finance Leases
2025	\$ 6,212,275	\$ 286,925
2026	6,231,749	189,966
2027	6,257,361	81,205
2028	5,933,623	20,480
2029	5,984,459	-
Thereafter	67,676,049	-
Total lease payments	98,295,516	578,576
Less imputed interest	24,273,399	28,834
Total present value of lease liabilities	74,022,117	549,742
Less current portion	4,023,543	295,452
Lease liabilities net of current portion	\$ 69,998,574	\$ 254,290

NOTE 12 COMMITMENTS AND CONTINGENCIES

1. Contingent Liabilities

Legal Services NYC is subject to ongoing litigation in the ordinary course of its operations. In the opinion of management, none of the actions currently pending will have a material impact on the consolidated financial position due to adequate insurance coverage in the event of adverse outcomes of these matters.

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Notes to Consolidated Financial Statements

December 31, 2024

(With selected summarized comparative information as of and for the year ended December 31, 2023)

NOTE 12 COMMITMENTS AND CONTINGENCIES (CONTINUED)

2. Funding Source Audits

Certain grants and contracts may be subject to audit by the funding sources. Such audits might result in adjustments to reimbursements claimed by Legal Services NYC for the various programs conducted for or on behalf of the funding agencies. Management is of the opinion that the results of such audits would not have a material effect in the accompanying consolidated financial statements for such potential adjustments.

3. Funding Source Contingencies

Legal Services NYC receives a significant portion of its federal funding from the LSC. For the year ended December 31, 2024, LSC funding accounted for approximately 13% of total support and revenue. Subsequent to year-end, the federal administration announced executive orders and agency actions that may reduce or suspend specific federal legal aid programs, including the LSC funding level in the future. At the date these consolidated financial statements were issued, the timing, scope, and ultimate outcome of those actions remain uncertain. Management will continue to monitor developments and will update its assessments and disclosures as events warrant.

NOTE 13 CONTRIBUTED NONFINANCIAL ASSETS

Legal Services NYC and the CCs receive legal services from consultants, attorneys and law firms that donate their time to various programs on a pro bono basis. These contributed professional services, which have an estimated fair value of \$80,007,966 and \$71,368,543 for the years ended December 31, 2024 and 2023, respectively, have been reflected in the accompanying consolidated statements of activities. The estimated fair value of these donated professional services is provided by the service provider, who estimate the fair value based on the date, time and market rate in which each service is rendered. Donated services were utilized by Legal Services NYC's programs and supporting services. There were no donor-imposed restrictions associated with the donated services.

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Notes to Consolidated Financial Statements

December 31, 2024

(With selected summarized comparative information as of and for the year ended December 31, 2023)

NOTE 14 CONCENTRATION OF CREDIT RISK

Legal Services NYC maintains its cash in a number of bank accounts, of which all are interest-bearing accounts. The cash in these accounts from time to time exceeds the Federal Deposit Insurance Corporation limits and subjects Legal Services NYC to concentration of credit risk. However, Legal Services NYC monitors this risk on a regular basis. Substantially, almost all of Legal Services NYC's cash and cash equivalents at December 31, 2024 and 2023, are held by one financial institution.

NOTE 15 BOARD-DESIGNATED RESERVE

The board-designated reserve is maintained as an operating reserve for Legal Services NYC. The reserve is not used to provide income for operations, but to be available as a reserve for appropriation by the board. The target amount for the reserve was set at one month of budgeted expenses for Legal Services NYC. At December 31, 2024 and 2023, the target reserve had a balance of \$7,792,407 and \$7,777,407, respectively. In 2023, the board designated an unrestricted contribution from one donor for \$2,100,000 to the board-designated reserve.

NOTE 16 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

Legal Services NYC regularly monitors liquidity required to meet its annual operating needs and other contractual commitments. Legal Services NYC has cash and cash equivalents and line of credit as a source of liquidity at its disposal. The government and private contracts receivable are all due within one year since these amounts mainly represent monies for reimbursement to Legal Services NYC or monies to be received for services already performed which are all available for use in meeting annual operating needs. Grants and contributions receivable are due within one year and are also considered available for use in meeting annual operating needs.

Financial assets at December 31,	2024	2023
Cash and cash equivalents	\$ 3,151,864	\$ 5,246,814
Government and private contracts receivable	33,276,831	29,948,601
Grants and contributions receivable	1,651,449	1,400,752
Other receivables	217,785	225,539
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 38,297,929</u>	<u>\$ 36,821,706</u>

**LEGAL SERVICES NYC
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Notes to Consolidated Financial Statements

December 31, 2024

(With selected summarized comparative information as of and for the year ended December 31, 2023)

NOTE 17 LINE OF CREDIT

In August 2020, Legal Services NYC entered into a revolving line of credit agreement with a bank for \$3,500,000. The line of credit was increased to \$4,000,000 and set to expire on February 28, 2025. The outstanding line credit balance of \$3,000,000 as of December 31, 2023, was paid in full, and the account was closed on August 29, 2024. In September 2024, Legal Services NYC entered into a revolving line of credit agreement with a new bank for \$10,000,000. The current maturity date is September 5, 2025. This line of credit is secured by all assets of Legal Services NYC. There was no outstanding line of credit balance as of December 31, 2024. The total interest expense from both lines of credit for the year ended December 31, 2024 was \$278,633.

NOTE 18 FUNCTIONAL EXPENSES

Personnel costs directly allocated to programs are based on hours charged by each employee by function as recorded in the Legal Services NYC's case management system. Other than personnel costs allocated to programs are based on the ratio as established from personnel charges. Personnel costs allocated to management and general and fundraising are based on actual time spent on each function. Other than personnel costs allocated to management, general and fundraising are based on direct charges.

**LEGAL SERVICES NYC
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Notes to Consolidated Financial Statements

December 31, 2024

(With selected summarized comparative information as of and for the year ended December 31, 2023)

NOTE 18 FUNCTIONAL EXPENSES (CONTINUED)

Below is the functional classification of Legal Services NYC's expenses.

	2024								2023	
	Program Services					Supporting Services			Total	Total
	Housing	Income Maintenance	Family	Other Program Services	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total	Total
<i>Personnel</i>										
Lawyers	\$ 26,985,123	\$ 7,130,359	\$ 2,475,367	\$ 8,306,054	\$ 44,896,903	\$ 899,951	\$ -	\$ 899,951	\$ 45,796,854	\$ 40,993,042
Lawyers, contributed	41,194,402	10,884,919	3,778,796	12,679,687	68,537,804	11,470,162	-	11,470,162	80,007,966	71,368,543
Nonlawyers	11,796,980	3,117,151	1,082,147	3,631,125	19,627,403	7,600,024	432,077	8,032,101	27,659,504	23,078,233
Fringe benefits	14,761,171	3,900,388	1,354,054	4,543,506	24,559,119	3,154,545	146,536	3,301,081	27,860,200	24,752,999
Provision for vacation leave	245,242	64,801	22,496	75,486	408,025	286,347	-	286,347	694,372	(5,315)
Total personnel	94,982,918	25,097,618	8,712,860	29,235,858	158,029,254	23,411,029	578,613	23,989,642	182,018,896	160,187,502
<i>Other than personnel costs</i>										
Consultants and contract services	455,278	120,299	41,763	140,135	757,475	2,121,353	411	2,121,764	2,879,239	3,121,431
Travel	152,212	40,219	13,963	46,851	253,245	8,574	882	9,456	262,701	227,126
Space	4,234,764	1,118,964	388,458	1,303,466	7,045,652	817,699	-	817,699	7,863,351	6,988,684
Consumable supplies	341,295	90,181	31,307	105,051	567,834	223,628	56,222	279,850	847,684	645,305
Telephone	673,462	177,951	61,777	207,292	1,120,482	84,257	-	84,257	1,204,739	1,096,475
Insurance	14	5	-	4	23	321,413	-	321,413	321,436	322,256
Equipment rental, maintenance, etc.	121,141	32,010	11,112	37,287	201,550	166,554	15,419	181,973	383,523	399,741
Depreciation and amortization	506,274	133,774	46,441	155,832	842,321	594,276	-	594,276	1,436,597	1,293,045
Litigation cost	484,954	128,141	44,485	149,269	806,849	20,041	360	20,401	827,250	717,476
Other	648,881	171,456	59,522	199,726	1,079,585	1,160,210	262,381	1,422,591	2,502,176	1,667,962
Bad debt	78,268	20,681	7,180	24,092	130,221	17,498	-	17,498	147,719	179,966
Payments to other organizations	230,559	60,921	21,149	70,966	383,595	2,458,610	-	2,458,610	2,842,205	2,085,532
Total other than personnel costs	7,927,102	2,094,602	727,157	2,439,971	13,188,832	7,994,113	335,675	8,329,788	21,518,620	18,744,999
Total expenses	\$ 102,910,020	\$ 27,192,220	\$ 9,440,017	\$ 31,675,829	\$ 171,218,086	\$ 31,405,142	\$ 914,288	\$ 32,319,430	\$ 203,537,516	\$ 178,932,501

CONSOLIDATING INFORMATION

LEGAL SERVICES NYC AND CONSTITUENT CORPORATIONS
Consolidating Statement of Financial Position
December 31, 2024
(With Summarized Comparative Financial Information as of December 31, 2023)

	Legal Services NYC				Constituent Corporations					Total	
	Central	Support Unit	Staten Island	Total	Brooklyn	Manhattan	Queens	Bronx	Eliminations	2024	2023
ASSETS											
<i>Current assets</i>											
Cash and cash equivalents	\$ 3,122,364	\$ -	\$ 2,000	\$ 3,124,364	\$ 10,900	\$ 6,000	\$ 3,000	\$ 7,600	\$ -	\$ 3,151,864	\$ 5,246,814
Government and private contracts receivable	946,028	1,637,958	1,967,602	4,551,588	9,382,679	6,456,905	5,543,167	7,342,492	-	33,276,831	29,948,601
Grants and contributions receivable	92,499	178,694	48,130	319,323	493,654	77,562	424,185	336,725	-	1,651,449	1,400,752
Other receivable	138,757	-	1,888	140,645	17,966	45,274	13,857	43	-	217,785	225,539
Prepayments	417,815	2,617	7,523	427,955	51,710	86,364	8,496	11,086	-	585,611	515,451
Intercompany receivables	15,087,048	-	-	15,087,048	-	-	-	-	(15,087,048)	-	-
Escrow cash accounts	-	-	19,844	19,844	390,471	279,501	152,592	263,248	-	1,105,656	792,816
Total current assets	19,804,511	1,819,269	2,046,987	23,670,767	10,347,380	6,951,606	6,145,297	7,961,194	(15,087,048)	39,989,196	38,129,973
<i>Other Assets</i>											
Property, equipment, and law libraries, net	5,236,659	179,895	1,489,362	6,905,916	492,925	189,312	679,919	651,550	-	8,919,622	7,237,730
Operating lease right-of-use assets	11,546,506	-	4,918,837	16,465,343	22,682,856	19,624,269	8,868,600	1,644,720	-	69,285,788	52,350,679
Finance lease, right-of-use assets, net	107,071	-	27,195	134,266	161,598	51,464	81,173	94,520	-	523,021	595,980
Security deposits	23,430	-	121,620	145,050	197,697	44,282	415,641	134,780	-	937,450	755,577
Certificate of deposit	728,560	-	-	728,560	-	-	-	-	-	728,560	713,537
Total assets	\$ 37,446,737	\$ 1,999,164	\$ 8,604,001	\$ 48,049,902	\$ 33,882,456	\$ 26,860,933	\$ 16,190,630	\$ 10,486,764	\$ (15,087,048)	\$ 120,383,637	\$ 99,783,476
LIABILITIES AND NET ASSETS											
<i>Current liabilities</i>											
Accounts payable and accrued expenses	\$ 7,631,871	\$ 136,633	\$ 194,855	\$ 7,963,359	\$ 989,888	\$ 549,342	\$ 432,177	\$ 709,090	\$ -	\$ 10,643,856	\$ 6,833,550
Current portion of operating lease liabilities	520,839	-	37,696	558,535	1,410,007	795,660	826,671	432,670	-	4,023,543	3,711,440
Current maturities of finance lease liabilities	51,289	-	13,651	64,940	85,860	38,474	45,839	60,339	-	295,452	310,056
Loan payable, current portion	-	-	25,744	25,744	-	-	-	-	-	25,744	-
Contract advances	192,389	182	29,290	221,861	-	9,211	409,086	78,534	-	718,692	898,334
Accrued vacation leave payable	1,503,672	-	283,033	1,786,705	1,848,504	1,251,400	1,026,380	1,786,364	-	7,699,353	7,004,981
Due to grantor	-	-	-	-	11,754	3,038	23,120	-	-	37,912	82,370
Intercompany payables	-	2,208,116	743,841	2,951,957	5,014,988	2,081,466	3,665,606	1,373,031	(15,087,048)	-	-
Line of credit	-	-	-	-	-	-	-	-	-	-	3,000,000
Escrow cash accounts	-	-	19,844	19,844	390,471	279,501	152,592	263,248	-	1,105,656	792,816
Total current liabilities	9,900,060	2,344,931	1,347,954	13,592,945	9,751,472	5,008,092	6,581,471	4,703,276	(15,087,048)	24,550,208	22,633,547
<i>Long-term debt and other obligations</i>											
Loan payable, noncurrent	-	-	785,729	785,729	-	-	-	-	-	785,729	-
Operating lease liabilities, noncurrent	11,616,631	-	5,587,776	17,204,407	23,154,318	19,426,298	8,965,123	1,248,428	-	69,998,574	52,084,158
Finance lease liabilities, net of current portion	61,731	-	14,257	75,988	82,338	16,939	40,611	38,414	-	254,290	305,620
Total liabilities	21,578,422	2,344,931	7,735,716	31,659,069	32,988,128	24,451,329	15,587,205	5,990,118	(15,087,048)	95,588,801	75,023,325
<i>Net assets</i>											
Net assets without donor restrictions - undesignated	8,060,228	(369,958)	859,236	8,549,506	647,722	2,209,100	413,633	4,247,196	-	16,067,157	16,006,221
Net assets without donor restrictions - board-designated	7,792,407	-	-	7,792,407	-	-	-	-	-	7,792,407	7,777,407
Net assets without donor restrictions - Legal Services Corporation - Property	-	24,191	4,673	28,864	75,159	135,297	155,426	74,542	-	469,288	515,419
Total net assets without donor restrictions	15,852,635	(345,767)	863,909	16,370,777	722,881	2,344,397	569,059	4,321,738	-	24,328,852	24,299,047
Net assets with donor restrictions	15,680	-	4,376	20,056	171,447	65,207	34,366	174,908	-	465,984	461,104
Total net assets	15,868,315	(345,767)	868,285	16,390,833	894,328	2,409,604	603,425	4,496,646	-	24,794,836	24,760,151
Total liabilities and net assets	\$ 37,446,737	\$ 1,999,164	\$ 8,604,001	\$ 48,049,902	\$ 33,882,456	\$ 26,860,933	\$ 16,190,630	\$ 10,486,764	\$ (15,087,048)	\$ 120,383,637	\$ 99,783,476

LEGAL SERVICES NYC AND CONSTITUENT CORPORATIONS
Consolidating Statement of Activities
Year Ended December 31, 2024
(With Summarized Comparative Financial Information for the year ended December 31, 2023)

	Legal Services NYC				Constituent Corporations				Total	
	Central	Support Unit	Staten Island	Total	Brooklyn	Manhattan	Queens	Bronx	2024	2023
SUPPORT AND REVENUE										
Without donor restrictions										
<i>Grants and contributions</i>										
Legal Services Corporation (LSC)										
Basic grant	\$ -	\$ 1,627,271	\$ 713,931	\$ 2,341,202	\$ 4,902,331	\$ 3,152,631	\$ 2,394,637	\$ 2,987,895	\$ 15,778,696	\$ 15,752,685
LSC attorney fees	-	8,822	-	8,822	76	-	58,912	228,864	296,674	-
Other grants	-	127,346	-	127,346	-	-	-	-	127,346	304,687
Interest on Lawyers' Account (IOLA)	-	1,156,564	390,350	1,546,914	2,343,132	1,782,146	1,781,574	1,892,311	9,346,077	6,505,825
Contributions of nonfinancial assets	11,470,160	54,251,691	1,099,332	66,821,183	5,035,110	1,251,195	3,376,650	3,523,828	80,007,966	71,368,543
Fund-raising events	792,116	237,146	-	1,029,262	102,844	323,178	-	-	1,455,284	1,406,739
Private grants and contributions	596,381	435,514	85,937	1,117,832	554,558	185,304	136,852	159,936	2,154,482	2,204,679
Private grants and contributions - board-designed	15,000	-	-	15,000	-	-	-	-	15,000	2,115,000
Total grants and contributions	12,873,657	57,844,354	2,289,550	73,007,561	12,938,051	6,694,454	7,748,625	8,792,834	109,181,525	99,658,158
<i>Revenue</i>										
Government and private contracts	2,183,891	4,476,875	5,120,198	11,780,964	23,987,326	16,937,637	15,130,789	25,644,442	93,481,158	80,379,699
Attorney fees	-	-	4,750	4,750	134,636	7,500	20,700	83,772	251,358	853,782
Interest	14,993	-	-	14,993	24	52	-	-	15,069	20,990
Other revenue	9,630	-	10	9,640	350	-	4,000	62	14,052	250
Total revenue	2,208,514	4,476,875	5,124,958	11,810,347	24,122,336	16,945,189	15,155,489	25,728,276	93,761,637	81,254,721
Net assets released from restrictions	-	-	-	-	304,950	-	13,494	305,715	624,159	770,103
Total without donor restrictions support and revenue	15,082,171	62,321,229	7,414,508	84,817,908	37,365,337	23,639,643	22,917,608	34,826,825	203,567,321	181,682,982
With donor restrictions										
<i>Support</i>										
Private grants and contributions	11,150	-	-	11,150	298,400	-	40,000	279,489	629,039	805,159
Total support	11,150	-	-	11,150	298,400	-	40,000	279,489	629,039	805,159
Net assets released from restrictions	-	-	-	-	(304,950)	-	(13,494)	(305,715)	(624,159)	(770,103)
Total with donor restrictions support and revenue	11,150	-	-	11,150	(6,550)	-	26,506	(26,226)	4,880	35,056
Total support and revenue	15,093,321	62,321,229	7,414,508	84,829,058	37,358,787	23,639,643	22,944,114	34,800,599	203,572,201	181,718,038

LEGAL SERVICES NYC AND CONSTITUENT CORPORATIONS
Consolidating Statement of Activities (continued)
Year Ended December 31, 2024
(With Summarized Comparative Financial Information for the year ended December 31, 2023)

	Legal Services NYC				Constituent Corporations				Total	
	Central	Support Unit	Staten Island	Total	Brooklyn	Manhattan	Queens	Bronx	2024	2023
EXPENSES										
<i>Personnel</i>										
Lawyers	\$ 899,949	\$ 2,916,577	\$ 2,641,448	\$ 6,457,974	\$ 12,094,382	\$ 8,677,080	\$ 7,232,415	\$ 11,335,003	\$ 45,796,854	\$ 40,993,042
Lawyers, contributed	11,470,160	54,251,691	1,099,332	66,821,183	5,035,110	1,251,195	3,376,650	3,523,828	80,007,966	71,368,543
Nonlawyers	8,032,102	1,629,960	860,556	10,522,618	4,686,787	3,292,424	2,902,492	6,255,183	27,659,504	23,078,233
Fringe benefits	3,301,079	1,718,756	1,340,333	6,360,168	6,387,219	4,536,809	3,865,632	6,710,372	27,860,200	24,752,999
Provision for vacation leave	286,346	-	(24,692)	261,654	129,020	127,239	65,701	110,758	694,372	(5,315)
Total personnel	23,989,636	60,516,984	5,916,977	90,423,597	28,332,518	17,884,747	17,442,890	27,935,144	182,018,896	160,187,502
<i>Other than personnel costs</i>										
Consultants and contract services	2,121,764	28,424	64,038	2,214,226	232,931	173,784	136,400	121,898	2,879,239	3,121,431
Travel	9,457	27,289	27,035	63,781	52,340	40,310	32,228	74,042	262,701	227,126
Space	817,699	106,866	270,481	1,195,046	2,509,313	1,498,699	1,601,692	1,058,601	7,863,351	6,988,684
Consumable supplies	279,850	32,544	21,577	333,971	192,350	87,150	80,121	154,092	847,684	645,305
Telephone	84,255	56,069	72,114	212,438	340,544	213,857	172,007	265,893	1,204,739	1,096,475
Insurance	321,412	-	-	321,412	-	-	-	24	321,436	322,256
Equipment rental, maintenance, etc.	181,972	41,408	7,967	231,347	52,149	36,386	26,076	37,565	383,523	399,741
Depreciation and amortization	594,276	21,847	34,948	651,071	222,364	111,933	240,009	211,220	1,436,597	1,293,045
Litigation cost	20,401	45,922	49,344	115,667	184,909	122,573	192,084	212,017	827,250	717,476
Other	1,422,591	97,490	131,389	1,651,470	268,741	168,352	186,281	227,332	2,502,176	1,667,962
Bad debt	17,500	-	-	17,500	81,048	41,500	7,671	-	147,719	179,966
Payments to other organizations	2,458,609	-	250	2,458,859	200,434	-	20,244	162,668	2,842,205	2,085,532
Intercompany expense allocation	(17,178,925)	1,365,071	851,613	(14,962,241)	4,652,616	3,063,061	2,831,215	4,415,349	-	-
Total other than personnel costs	(8,849,139)	1,822,930	1,530,756	(5,495,453)	8,989,739	5,557,605	5,526,028	6,940,701	21,518,620	18,744,999
Total expenses	15,140,497	62,339,914	7,447,733	84,928,144	37,322,257	23,442,352	22,968,918	34,875,845	203,537,516	178,932,501
<i>Change in net assets:</i>										
Without donor restrictions - undesignated	(73,326)	(18,685)	(33,225)	(125,236)	43,080	197,291	(51,310)	(49,020)	14,805	635,481
Without donor restrictions - board-designed	15,000	-	-	15,000	-	-	-	-	15,000	2,115,000
Total without donor restrictions	(58,326)	(18,685)	(33,225)	(110,236)	43,080	197,291	(51,310)	(49,020)	29,805	2,750,481
With donor restrictions	11,150	-	-	11,150	(6,550)	-	26,506	(26,226)	4,880	35,056
Total	(47,176)	(18,685)	(33,225)	(99,086)	36,530	197,291	(24,804)	(75,246)	34,685	2,785,537

LEGAL SERVICES NYC AND CONSTITUENT CORPORATIONS
Consolidating Statement of Activities (continued)
Year Ended December 31, 2024
(With Summarized Comparative Financial Information for the year ended December 31, 2023)

	Legal Services NYC				Constituent Corporations				Total	
	Central	Support Unit	Staten Island	Total	Brooklyn	Manhattan	Queens	Bronx	2024	2023
<i>Net assets at beginning of year</i>										
Without donor restrictions - undesignated	\$ 8,133,554	\$ (327,082)	\$ 897,134	\$ 8,703,606	\$ 679,801	\$ 2,147,106	\$ 620,369	\$ 4,370,758	\$ 16,521,640	\$ 15,886,159
Without donor restrictions - board-designated	7,777,407	-	-	7,777,407	-	-	-	-	7,777,407	5,662,407
Total unrestricted	15,910,961	(327,082)	897,134	16,481,013	679,801	2,147,106	620,369	4,370,758	24,299,047	21,548,566
With donor restrictions	4,530	-	4,376	8,906	177,997	65,207	7,860	201,134	461,104	426,048
Total	15,915,491	(327,082)	901,510	16,489,919	857,798	2,212,313	628,229	4,571,892	24,760,151	21,974,614
<i>Net assets at end of year</i>										
Without donor restrictions - undesignated	8,060,228	(345,767)	863,909	8,578,370	722,881	2,344,397	569,059	4,321,738	16,536,445	16,521,640
Without donor restrictions - board-designated	7,792,407	-	-	7,792,407	-	-	-	-	7,792,407	7,777,407
Total unrestricted	15,852,635	(345,767)	863,909	16,370,777	722,881	2,344,397	569,059	4,321,738	24,328,852	24,299,047
With donor restrictions	15,680	-	4,376	20,056	171,447	65,207	34,366	174,908	465,984	461,104
Total	<u>\$ 15,868,315</u>	<u>\$ (345,767)</u>	<u>\$ 868,285</u>	<u>\$ 16,390,833</u>	<u>\$ 894,328</u>	<u>\$ 2,409,604</u>	<u>\$ 603,425</u>	<u>\$ 4,496,646</u>	<u>\$ 24,794,836</u>	<u>\$ 24,760,151</u>

LEGAL SERVICES NYC AND CONSTITUENT CORPORATIONS
Consolidating Statement of Cash Flows
Year Ended December 31, 2024
(With Summarized Comparative Financial Information for the year ended December 31, 2023)

	Legal Services NYC								Total	
	Central	Support Unit	Staten Island	Total	Brooklyn	Manhattan	Queens	Bronx	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES										
Change in net assets	\$ (47,176)	\$ (18,685)	\$ (33,225)	\$ (99,086)	\$ 36,530	\$ 197,291	\$ (24,804)	\$ (75,246)	\$ 34,685	\$ 2,785,537
<i>Adjustments to reconcile change in net assets to net cash provided by operating activities</i>										
Depreciation and amortization	594,276	21,847	34,948	651,071	222,364	111,933	240,009	211,220	1,436,597	1,293,045
Bad debt	17,500	-	-	17,500	81,048	41,500	7,671	-	147,719	179,966
Changes in operating assets and liabilities:										
(Increase) decrease in government and private contracts receivable	(51,720)	(796,618)	(463,201)	(1,311,539)	(1,145,287)	(1,916,444)	(89,668)	986,989	(3,475,949)	(4,240,058)
Increase in grants and contributions receivable	(8,553)	(36,194)	(2,751)	(47,498)	(148,394)	59,590	(53,130)	(61,265)	(250,697)	(100,787)
Decrease (increase) in other receivable	62,429	-	(1,888)	60,541	(15,613)	(23,274)	(13,857)	(43)	7,754	(84,337)
(Increase) decrease in prepayments	(2,314)	(414)	3,818	1,090	(22,801)	(66,244)	3,477	14,318	(70,160)	(39,796)
(Increase) decrease in security deposits	-	-	(116,098)	(116,098)	(61,732)	6,420	(10,463)	-	(181,873)	(8,129)
Amortization of operating lease right-of-use assets	577,085	-	181,561	758,646	1,452,207	873,965	840,001	422,329	4,347,148	5,163,537
Increase in intercompany receivables	(816,121)	-	-	(816,121)	-	-	-	-	(816,121)	(2,720,104)
Increase in accounts payable and accrued expenses	1,591,994	110,117	167,234	1,869,345	528,821	441,307	347,326	623,507	3,810,306	311,103
Increase (decrease) in contract advances	143,143	(22,248)	(9,897)	110,998	(62,916)	(1,200)	(58,911)	(167,613)	(179,642)	(224,869)
Increase (decrease) in intercompany payables	-	770,413	470,581	1,240,994	396,622	897,337	(294,377)	(1,424,455)	816,121	2,720,104
Increase (decrease) in accrued vacation leave payable	286,346	-	(24,691)	261,655	129,020	127,239	65,701	110,757	694,372	(5,315)
(Decrease) increase in due to grantor	-	-	(44,458)	(44,458)	-	-	-	-	(44,458)	67,578
Increase in escrow accounts	-	-	15,933	15,933	92,377	138,578	40,367	25,585	312,840	313,087
Increase (decrease) in operating lease liabilities	(510,333)	-	522,547	12,214	(1,195,653)	(679,061)	(722,751)	(470,487)	(3,055,738)	(4,633,211)
Net cash provided by operating activities	1,836,556	28,218	700,413	2,565,187	286,593	208,937	276,591	195,596	3,532,904	777,351
CASH FLOWS FROM INVESTING ACTIVITIES										
Purchase of a certificate of deposit	(15,023)	-	-	(15,023)	-	-	-	-	(15,023)	(14,674)
Purchases of property and equipment	(870,867)	(28,218)	(668,200)	(1,567,285)	(110,039)	(22,129)	(165,981)	(79,807)	(1,945,241)	(1,064,608)
Net cash used in investing activities	(885,890)	(28,218)	(668,200)	(1,582,308)	(110,039)	(22,129)	(165,981)	(79,807)	(1,960,264)	(1,079,282)
CASH FLOWS FROM FINANCING ACTIVITIES										
Repayment of line of credit	(15,000,000)	-	-	(15,000,000)	-	-	-	-	(15,000,000)	(2,507,712)
Proceeds from line of credit	12,000,000	-	-	12,000,000	-	-	-	-	12,000,000	3,000,000
Payment on finance leases	(45,616)	-	(16,280)	(61,896)	(84,177)	(48,230)	(70,243)	(90,204)	(354,750)	(340,004)
Net cash (used in) provided by financing activities	(3,045,616)	-	(16,280)	(3,061,896)	(84,177)	(48,230)	(70,243)	(90,204)	(3,354,750)	152,284
Net change in cash, cash equivalents and escrow cash accounts	(2,094,950)	-	15,933	(2,079,017)	92,377	138,578	40,367	25,585	(1,782,110)	(149,647)
Cash, cash equivalents and escrow cash accounts at beginning of year	5,217,314	-	5,911	5,223,225	308,994	146,923	115,225	245,263	6,039,630	6,189,277
Cash, cash equivalents and escrow cash accounts at end of year	\$ 3,122,364	\$ -	\$ 21,844	\$ 3,144,208	\$ 401,371	\$ 285,501	\$ 155,592	\$ 270,848	\$ 4,257,520	\$ 6,039,630
SUPPLEMENTARY DISCLOSURES OF CASH FLOW INFORMATION										
Cash paid for interest	\$ 283,706	\$ -	\$ 10,596	\$ 294,302	\$ 7,258	\$ 2,686	\$ 3,683	\$ 4,153	\$ 312,082	\$ 50,042
Loan received for leasehold improvement	\$ -	\$ -	\$ 811,473	\$ 811,473	\$ -	\$ -	\$ -	\$ -	\$ 811,473	\$ -