

**LA RAZA CENTRO LEGAL – SAN FRANCISCO
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED JUNE 30, 2025

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INTRODUCTORY SECTION

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LA RAZA CENTRO LEGAL – SAN FRANCISCO
Financial Statements
For the Year Ended June 30, 2025

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
La Raza Centro Legal – San Francisco
San Francisco, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the La Raza Centro Legal – San Francisco (a nonprofit organization), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the La Raza Centro Legal – San Francisco as of June 30, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (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 La Raza Centro Legal – San Francisco 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 the Organization's ability to continue as a going concern for a reasonable period of time, generally within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these 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 the Organization'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 the Organization'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 the La Raza Centro Legal – San Francisco's 2024 financial statements and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 20, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2025, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Pleasant Hill, California
January 5, 2026

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LA RAZA CENTRO LEGAL - SAN FRANCISCO
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2025
WITH COMPARATIVE AMOUNTS AS OF JUNE 30, 2024

	<u>2025</u>	<u>2024</u>
ASSETS		
Current Assets:		
Cash and cash equivalents (Notes 2B and 3)	\$1,228,900	\$1,380,243
Grants and contributions receivable (Note 4)	244,669	133,055
Prepaid expenses and other assets	<u>84,131</u>	<u>67,809</u>
Total Current Assets	<u>1,557,700</u>	<u>1,581,107</u>
Non Current Assets:		
Right of use assets - lease (Note 7)	150,102	200,272
Property and equipment, net (Notes 2E and 5)	<u>1,385</u>	<u>2,363</u>
Total Non Current Assets	<u>151,487</u>	<u>202,635</u>
TOTAL ASSETS	<u><u>\$1,709,187</u></u>	<u><u>\$1,783,742</u></u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	\$34,407	\$51,774
Accrued compensated absences (Note 6)	107,701	78,850
Other current liabilities	35,679	35,679
Lease liability - current (Note 7)	<u>62,283</u>	<u>57,005</u>
Total Current Liabilities	<u>240,070</u>	<u>223,308</u>
Non Current Liabilities:		
Lease liability - non current (Note 7)	<u>102,368</u>	<u>155,188</u>
Total Non Current Liabilities	<u>102,368</u>	<u>155,188</u>
TOTAL LIABILITIES	<u>342,438</u>	<u>378,496</u>
Net Assets (Note 2A)		
Without donor restrictions	1,354,249	1,342,746
With donor restrictions (Note 8)	<u>12,500</u>	<u>62,500</u>
Total Net Assets	<u>1,366,749</u>	<u>1,405,246</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$1,709,187</u></u>	<u><u>\$1,783,742</u></u>

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

LA RAZA CENTRO LEGAL - SAN FRANCISCO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025
WITH SUMMARIZED AMOUNTS FOR THE YEAR ENDED JUNE 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Totals	
			2025	2024
SUPPORT AND REVENUE				
Government contracts and contributions	\$1,498,499	\$ -	\$1,498,499	\$1,493,367
Foundation and corporate contributions	567,298	160,423	727,721	346,828
Individual contributions	47,660	64,350	112,010	38,503
Special events	3,429	-	3,429	105,240
Net investment income	47,694	-	47,694	43,950
Other revenue	114,963	-	114,963	47,396
Net assets released from restrictions (Note 8)	274,773	(274,773)	-	-
Total Support and Revenue	2,554,316	(50,000)	2,504,316	2,075,284
EXPENSES				
Program services:				
Immigration	1,129,075	-	1,129,075	1,008,393
Elder and disability law	432,737	-	432,737	418,775
Workers' rights	400,117	-	400,117	348,196
Supporting services:				
Management and general	508,779	-	508,779	526,361
Fundraising	72,105	-	72,105	154,641
Total Expenses	2,542,813	-	2,542,813	2,456,366
Changes in net assets	11,503	(50,000)	(38,497)	(381,082)
Net assets at beginning of year	1,342,746	62,500	1,405,246	1,786,328
Net assets at end of year	<u>\$1,354,249</u>	<u>\$12,500</u>	<u>\$1,366,749</u>	<u>\$1,405,246</u>

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

LA RAZA CENTRO LEGAL - SAN FRANCISCO
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2025

	Program Services			Total	Supporting Services		
	Immigration	Elder and	Workers'	Program	Management	Fundraising	Total
	Law	Disability Law	Rights	Expenses	and General		
FUNCTIONAL EXPENSES							
Personnel Expenses:							
Salaries and wages	\$751,876	\$279,087	\$216,154	\$1,247,117	\$321,522	\$44,572	\$1,613,211
Fringe benefits	160,284	59,071	46,888	266,243	67,660	10,087	343,990
Payroll taxes and employee benefits	59,250	22,149	17,083	98,482	25,471	3,498	127,451
Sub-total personnel expenses	971,410	360,307	280,125	1,611,842	414,653	58,157	2,084,652
Non-personnel Expenses							
Professional fees	67,797	20,133	96,578	184,508	38,009	1,934	224,451
Office expenses	27,776	32,347	6,987	67,110	9,068	5,426	81,604
Rent and occupancy (Note 7)	31,811	11,773	9,154	52,738	13,716	1,879	68,333
Insurance, licenses and fees	28,367	7,654	5,969	41,990	9,175	1,217	52,382
Travel, lodging, meals and meetings	1,490	306	1,298	3,094	16,321	2,293	21,708
Advertising (Note 2I)	250	125	-	375	4,172	972	5,519
Fundraising events	174	92	6	272	-	227	499
Interest	-	-	-	-	59	-	59
Depreciation (Note 5)	-	-	-	-	978	-	978
Lease amortization	-	-	-	-	2,628	-	2,628
Total non-personnel expenses	157,665	72,430	119,992	350,087	94,126	13,948	458,161
Total Functional Expenses	<u>\$1,129,075</u>	<u>\$432,737</u>	<u>\$400,117</u>	<u>\$1,961,929</u>	<u>\$508,779</u>	<u>\$72,105</u>	<u>\$2,542,813</u>
	44.4%	17.0%	15.7%	77.2%	20.0%	2.8%	100.0%

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

LA RAZA CENTRO LEGAL - SAN FRANCISCO
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024

	Program Services			Total	Supporting Services		
	Immigration Law	Elder and Disability Law	Workers' Rights	Program Expenses	Management and General	Fundraising	Total
FUNCTIONAL EXPENSES							
Personnel Expenses:							
Salaries, wages and benefits	\$684,062	\$275,552	\$181,198	\$1,140,812	\$278,697	\$71,901	\$1,491,410
Payroll taxes and employee benefits	196,756	78,625	52,279	327,660	80,038	17,266	424,964
Sub-total Personnel Expenses	880,818	354,177	233,477	1,468,472	358,735	89,167	1,916,374
Non-personnel Expenses							
Professional fees	44,838	13,261	93,873	151,972	71,596	2,890	226,458
Occupancy (Note 7)	28,666	11,526	7,596	47,788	11,655	2,942	62,385
Office Expenses	36,386	32,633	8,624	77,643	12,905	6,170	96,718
Fundraising events	-	-	-	-	-	51,301	51,301
Insurance	17,472	7,034	4,626	29,132	7,117	1,843	38,092
Lease amortization	-	-	-	-	512	-	512
Advertising (Note 2I)	-	-	-	-	2,698	-	2,698
Depreciation (Note 5)	-	-	-	-	2,477	-	2,477
Travel, meals and meetings	213	144	-	357	58,347	87	58,791
Interest and bank charges	-	-	-	-	319	241	560
Total non-personnel expenses	127,575	64,598	114,719	306,892	167,626	65,474	539,992
Total Functional Expenses	<u>\$1,008,393</u>	<u>\$418,775</u>	<u>\$348,196</u>	<u>\$1,775,364</u>	<u>\$526,361</u>	<u>\$154,641</u>	<u>\$2,456,366</u>
	41.1%	17.0%	14.2%	72.3%	21.4%	6.3%	100.0%

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

LA RAZA CENTRO LEGAL - SAN FRANCISCO
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2025
WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED JUNE 30, 2024

	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	<u>(\$38,497)</u>	<u>(\$381,082)</u>
Adjustments to reconcile changes in net assets to net cash (used) by operating activities:		
Depreciation expense	978	2,477
Lease amortization	2,628	512
Changes in certain assets and liabilities:		
Grants and contributions receivable	(111,614)	225,236
Prepaid expenses and other assets	(16,322)	(10,977)
Accounts payable	(17,367)	(3,049)
Accrued payroll liabilities	28,851	15,805
Other current liabilities	<u>-</u>	<u>34,131</u>
Total Adjustments	<u>(112,846)</u>	<u>264,135</u>
Net Cash (Used) by Operating Activities	<u>(151,343)</u>	<u>(116,947)</u>
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(151,343)	(116,947)
Cash and cash equivalents, beginning of year	<u>1,380,243</u>	<u>1,497,190</u>
Cash and cash equivalents, end of year	<u><u>\$1,228,900</u></u>	<u><u>\$1,380,243</u></u>
Supplemental information:		
Interest and finance charges paid	<u><u>\$59</u></u>	<u><u>\$65</u></u>

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

LA RAZA CENTRO LEGAL – SAN FRANCISCO
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE 1 – ORGANIZATION AND PROGRAMS

La Raza Centro Legal – San Francisco (“La Raza”) is a community-based legal organization dedicated to empowering Latino, immigrant and low-income communities in the Mission and throughout the Bay Area, advocating for their civil human rights. Through its grassroots efforts, La Raza has provided critical-life changing legal services at low or no costs. La Raza combines legal service and advocacy to build grassroots power and alliance towards creating a movement for a just society. Its primary program services are:

Immigration Law: La Raza provides legal consultation, and immigration assistance to the low-income, immigrant and Spanish speaking community of San Francisco and San Mateo counties.

Elder and Disability Law: La Raza provides legal consultation and services including simple wills, social security income and social security disability insurance appeals and questions, advanced health care directives, power of attorney, and other related services for adults over 60 and adults with disabilities age 18-59 in San Francisco and San Francisco County.

Workers’ Rights: La Raza advocates on behalf of very-low wage workers in San Francisco and San Francisco County, including domestic workers, restaurant workers, car wash workers, construction workers and other low wage immigrant workers who have been cheated out of rightfully earned wages or otherwise exploited by unscrupulous employers.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting and Financial Statement Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). The financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in the Accounting Standards Codification (ASC), No. 958, *Financial Statements of Not-for-Profit Organizations*.

The Organization is required to report information regarding its financial position and activities according to two classes of net assets:

Net Assets Without Donor Restrictions: Net assets available for use in general operations that are not subject to or are no longer subject to donor-imposed restrictions.

Net Assets With Donor Restrictions: Net assets whose use is limited by donor-imposed time and/or purpose restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met with the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

LA RAZA CENTRO LEGAL – SAN FRANCISCO
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)
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La Raza is supported primarily through government contracts and contributions, foundation and corporate contributions, and individual contributions. Revenues from government and other contracts are recognized when La Raza renders the services stipulated by the contract. Revenues are reported as increases in net assets without donor restriction unless use of the related assets is limited by donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized.

Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on the net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

B. Cash and Cash Equivalents

Cash and cash equivalents include all cash balances and highly liquid investments with maturity dates of less than three months, which are neither held nor restricted by donors for long-term purposes. Cash and cash equivalents were \$1,228,900 and \$1,380,243 at June 30, 2025 and 2024, respectively.

C. Concentration of Credit Risk

The Federal Deposit Insurance Corporation (“FDIC”) insures account balances up to \$250,000 at each insured institution. La Raza maintains deposit accounts with financial institutions and frequently carries balances that exceed FDIC insurance limits. At various times during the year, cash at these institutions could exceed federally insured limits. La Raza has not experienced any losses on its FDIC-insured accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

D. Grants and Contracts Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Discount amortization, if applicable, is included in contribution revenue. Conditional promises to give are not included as support until the conditions are met.

E. Fixed Assets

Fixed asset additions in excess of \$1,500 are recorded at cost, or if donated, at fair value on the date of donation, less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets which range from two to five years. Maintenance and repairs that do not extend the useful lives of the respective assets are expensed as incurred. As of June 30, 2025 and 2024, La Raza’s fixed assets net of accumulated depreciation totaled \$1,385 and \$2,363, respectively.

LA RAZA CENTRO LEGAL – SAN FRANCISCO
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)
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F. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

G. Income Taxes

La Raza is exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code. Accordingly, no provision for income taxes has been provided in these financial statements. In addition, La Raza qualifies for the charitable contribution deduction under Section 170(b)(1)(a)(vi) and (vii), and has been classified as an organization that is not a private association under Section 509(a)(1) and (3). Unrelated business income, if any, may be subject to income tax. La Raza paid no taxes on unrelated business income in the years ended June 30, 2025 and 2024, respectively.

Generally accepted accounting principles require the recognition, measurement, classification, and disclosure in the financial statements of uncertain tax positions taken or expected to be taken in La Raza's tax returns. Management has determined that La Raza does not have any uncertain tax positions and associated unrecognized benefits that materially impact the financial statements or related disclosures. Since tax matters are subject to some degree of uncertainty, there can be no assurance that the La Raza's tax returns will not be challenged by the taxing authorities and that La Raza will not be subject to additional tax, penalties, and interest as a result of such challenge. Generally, La Raza's tax returns remain open for federal income tax examination for three years from the date of filing.

H. Functional Allocation of Expenses

The costs of programs activities and supporting services have been summarized on a functional basis in the statement of functional expenses. The statement presents the natural classification of detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis. A majority of expenses (such as salaries and wages, payroll taxes and employee benefits, occupancy, insurance, and similar overhead) have been allocated based on time and effort using La Raza's payroll allocations. Other expenses (such as professional fees and other direct costs) have been allocated in accordance with the specific services received.

I. Advertising

Advertising costs are expensed as incurred. Advertising expense amounted to \$5,519 and \$2,698 for the years ended June 30, 2025 and 2024, respectively, and is reflected on the statement of functional expenses.

LA RAZA CENTRO LEGAL – SAN FRANCISCO
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)
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J. Fair Value Measurements

La Raza reports certain assets and liabilities at fair value in the financial statements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Accounting standards set a framework for measuring fair value using a three-tier hierarchy based on observable and non-observable inputs. Observable inputs consist of data obtained from independent sources. Non-observable inputs reflect industry assumptions. These two types of inputs are used to create the fair value hierarchy, giving preference to observable inputs.

The three-tier hierarchy categorizes the inputs as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3: Unobservable inputs for the asset or liability. In these situations, La Raza develops inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk, or liquidity profile of the asset or liability.

K. Donated Services and In-Kind Contributions

Contributed services and costs are reflected at the fair value of the contribution received. The contribution of services and costs are recognized if they (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

Volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting policies.

LA RAZA CENTRO LEGAL – SAN FRANCISCO
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Lease Accounting

La Raza recognizes and measures its leases in accordance with FASB ASC 842, *Leases*. La Raza determines if an arrangement is a lease, or contains a lease, at inception of a contract and when the terms of the existing contract are changed. Lease liabilities and a right of use (ROU) asset are recognized at the commencement date of the lease. The lease liability is initially and subsequently recognized based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or a discount rate. The discount rate is the implicit rate if it is readily determinable or otherwise La Raza uses the risk-free rate of return. See Note 7 for further details.

M. Subsequent Events

La Raza evaluated subsequent events for recognition and disclosure through January 5, 2026, the date which these financial statements were available to be issued. Management concluded that no material subsequent events occurred since June 30, 2025, that requires recognition or disclosure in the financial statements.

NOTE 3 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents include all funds in banks (checking and savings) that have a maturity date of 90 days or less at the time of purchase. The components of cash and cash equivalents are as follows at June 30:

	2025	2024
Interest-bearing checking accounts	\$37,828	\$110,832
Interest-bearing savings accounts	118,897	59,776
Noninterest-bearing checking accounts	20,058	205,119
Money market fund	1,050,902	1,003,345
Cash on hand	1,215	1,171
Total cash and cash equivalents	<u>\$1,228,900</u>	<u>\$1,380,243</u>

The checking and savings accounts earn interest at rates ranging from 0.01% to 0.68% per annum. La Raza attempts to limit its credit risk associated with cash and cash equivalents by utilizing high quality financial institutions.

LA RAZA CENTRO LEGAL – SAN FRANCISCO
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE 4 – GRANTS AND CONTRIBUTIONS RECEIVABLE

Grants and contributions receivable of \$244,669 and \$133,055 at June 30, 2025 and 2024, respectively, are comprised of commitments from a variety of donors, including government agencies, foundations and other organizations, some of which are due over several fiscal periods. The entire balance of grants and contributions receivable are expected to be collected.

La Raza uses the direct write-off method with regards to receivables deemed uncollectible. During the years ended June 30, 2025 and 2024, respectively, La Raza recognized no uncollectible grant expenses. Management has evaluated the receivables as of June 30, 2025, and determined that such amounts are fully collectible based on the financial strength of the donors involved.

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	2025	2024
Equipment	\$12,388	\$12,388
Less: accumulated depreciation	(11,003)	(10,025)
Property and equipment, net	<u>\$1,385</u>	<u>\$2,363</u>

Depreciation expense amounted to \$978 and \$2,477, respectively, for fiscal years ended June 30, 2025 and 2024.

NOTE 6 – ACCRUED COMPENSATED ABSENCES

La Raza is required to record a liability for the estimated amounts of compensation for future absences. Employees are permitted to accrue a specific number of hours of vacation which is payable upon termination. Sick leave is not paid upon termination. Total accrued compensation amounted to \$107,701 and \$78,850 at June 30, 2025 and 2024, respectively.

NOTE 7 – LEASE COMMITMENTS

La Raza leases its office space under a non-cancellable operating lease agreement expiring January 31, 2028. The lease agreement requires monthly rental payments at a fixed rate with a stipulated 3% increase per annum. However, La Raza and the landlord (Centro Del Pueblo, Inc.) reached an informal understanding that the lease will not be subject to the 3% annual increase. Effective July 31, 2024, monthly rent increased 10% to \$5,519. Total rent expense for the years ending June 30, 2025 and 2024 was \$66,223 and \$62,385, respectively, and is included with occupancy expenses on the statements of functional expenses.

LA RAZA CENTRO LEGAL – SAN FRANCISCO
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE 7 – LEASE COMMITMENTS (Continued)

At June 30, 2023, La Raza recorded a total lease liability in the amount of \$267,577 for its office space, and a corresponding right of use asset for the premises in the amount of \$256,168. The weighted average discounted rate associated with the calculation of the present value of the future lease payments as of June 30, 2023 was 2.89%, which represents an estimate of La Raza’s risk-free rate of return at that time.

As of June 30, 2025, La Raza’s future amortization and lease payments for the office space are as follows:

	Asset	Liability
2026	\$58,104	\$62,283
2027	58,104	64,108
2028	33,894	38,260
Total	<u>\$150,102</u>	<u>\$164,651</u>

NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS

La Raza recognizes support from net assets with donor restrictions when the restrictions imposed by the donors have been satisfied or expire.

Net assets with donor restrictions amounted to \$12,500 and \$62,500, as of June 30, 2025 and 2024, respectively, which relate to grants with restrictions related to specified time periods.

During fiscal year ended June 30, 2025, net assets were released from donor restrictions for the following purposes:

Purpose	Amount
Immigration Law	\$115,093
Elder & Disability Law	5,280
Worker's Rights	104,400
Time restrictions	<u>50,000</u>
Total	<u>\$274,773</u>

LA RAZA CENTRO LEGAL – SAN FRANCISCO
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE 9 – COMMITMENTS AND CONTINGENCIES

In the normal course of business, La Raza could be subject to certain commitments and contingencies which might not be fully reflected in the financial statements. Such commitments and contingencies also include risks associated with various economic and operating factors, which include (a) Grant restrictions and donor conditions which obligate La Raza to fulfill certain requirements as set forth in grant instruments, (b) Funding levels which vary based on factors beyond La Raza's control, such as generosity of donors and general economic conditions, (c) Employment and service agreements with key management personnel, and (d) Financial risks associated with funds on deposit at bank and investment brokerage accounts. Management believes that such commitments, contingencies and risks will not have a material adverse effect on the financial statements. Certain of the grants and contracts (including current and prior costs) are subject to audit and final acceptance by the granting entities.

NOTE 10 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

Financial assets available for general expenditure, that is without donor or other restrictions limiting their use, within one year of the statement of financial position date, consisted of the following at June 30:

	<u>2025</u>	<u>2024</u>
Total current financial assets:		
Cash and cash equivalents	\$1,228,900	\$1,380,243
Grants and contributions receivable, current	<u>244,669</u>	<u>133,055</u>
Total current financial assets	1,473,569	1,513,298
Less contractual or donor-imposed restrictions:		
Time-restricted grants	<u>(12,500)</u>	<u>(62,500)</u>
Financial Assets Available to Meet Cash		
Needs for Expenditures Within One Year	<u><u>\$1,461,069</u></u>	<u><u>\$1,450,798</u></u>