

FINANCIAL STATEMENTS

VOLUNTEER LEGAL ADVOCATES

**FOR THE YEAR ENDED DECEMBER 31, 2025
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2024**

VOLUNTEER LEGAL ADVOCATES

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Volunteer Legal Advocates
Washington, D.C.

Opinion

We have audited the accompanying financial statements of Volunteer Legal Advocates (the Organization), which comprise the statement of financial position as of December 31, 2025, and the related statements of activities and change in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2025, and the change 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 (U.S. GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 the Organization 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 (U.S. GAAP), and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the 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 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.

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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 generally accepted auditing standards and *Government Auditing Standards* 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, including omissions, 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 and *Government Auditing Standards*, 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 Organization's 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 25, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2026, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.



March 27, 2026

VOLUNTEER LEGAL ADVOCATES
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2025
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2024

ASSETS			
		<u>2025</u>	<u>2024</u>
CURRENT ASSETS			
Cash and cash equivalents	\$	2,739,371	\$ 2,584,986
Grants receivable		1,083,827	768,350
Prepaid expenses		<u>45,303</u>	<u>31,346</u>
Total current assets		<u>3,868,501</u>	<u>3,384,682</u>
OTHER ASSETS			
Operating right-of-use asset		<u>115,000</u>	<u>297,930</u>
TOTAL ASSETS	\$	<u>3,983,501</u>	<u>\$ 3,682,612</u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities	\$	15,083	\$ 14,681
Accrued salaries and related benefits		24,132	163,412
Operating lease liability		<u>109,846</u>	<u>180,427</u>
Total current liabilities		<u>149,061</u>	<u>358,520</u>
LONG-TERM LIABILITIES			
Lease liability, net		<u>-</u>	<u>115,987</u>
Total liabilities		<u>149,061</u>	<u>474,507</u>
NET ASSETS			
Without donor restrictions:			
Undesignated		1,390,108	1,215,777
Board designated		<u>1,406,000</u>	<u>1,241,000</u>
Total without donor restrictions		2,796,108	2,456,777
With donor restrictions		<u>1,038,332</u>	<u>751,328</u>
Total net assets		<u>3,834,440</u>	<u>3,208,105</u>
TOTAL LIABILITIES AND NET ASSETS	\$	<u>3,983,501</u>	<u>\$ 3,682,612</u>

VOLUNTEER LEGAL ADVOCATES

**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2025
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2024**

	2025			2024
	Without Donor Restrictions	With Donor Restrictions	Total	Total
SUPPORT AND REVENUE				
Contributed nonfinancial assets	\$ 22,877,381	\$ -	\$ 22,877,381	\$ 13,715,824
Government grants	1,905,496	-	1,905,496	2,366,479
Foundation grants	2,265,862	880,000	3,145,862	1,706,649
Contributions	477,061	-	477,061	549,238
Other income	41,544	-	41,544	71,753
Net assets released from donor restrictions	<u>592,996</u>	<u>(592,996)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>28,160,340</u>	<u>287,004</u>	<u>28,447,344</u>	<u>18,409,943</u>
EXPENSES				
Program Services	<u>27,035,777</u>	<u>-</u>	<u>27,035,777</u>	<u>17,271,295</u>
Supporting Services:				
Management and General	327,757	-	327,757	312,653
Fundraising	<u>457,475</u>	<u>-</u>	<u>457,475</u>	<u>415,680</u>
Total supporting services	<u>785,232</u>	<u>-</u>	<u>785,232</u>	<u>728,333</u>
Total expenses	<u>27,821,009</u>	<u>-</u>	<u>27,821,009</u>	<u>17,999,628</u>
Change in net assets	339,331	287,004	626,335	410,315
Net assets at beginning of year	<u>2,456,777</u>	<u>751,328</u>	<u>3,208,105</u>	<u>2,797,790</u>
NET ASSETS AT END OF YEAR	<u>\$ 2,796,108</u>	<u>\$ 1,038,332</u>	<u>\$ 3,834,440</u>	<u>\$ 3,208,105</u>

VOLUNTEER LEGAL ADVOCATES

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2025
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2024**

	2025				2024	
	Supporting Services					
	Program Services	General and Administrative	Fundraising	Total Supporting Services	Total Expenses	Total Expenses
Contributed services and materials	\$ 22,877,381	\$ -	\$ -	\$ -	\$ 22,877,381	\$ 13,715,824
Salaries and related expenses	3,699,816	243,170	341,004	584,174	4,283,990	3,661,347
Other expenses	93,968	3,108	91,271	94,379	188,347	167,864
Facilities and equipment expenses	182,576	1,130	1,656	2,786	185,362	179,820
Direct program expense	82,086	-	428	428	82,514	77,764
Administrative expenses	56,235	2,983	22,623	25,606	81,841	74,293
Professional fees	1,503	77,066	-	77,066	78,569	83,022
Insurance	35,592	299	438	737	36,329	35,732
Travel and meetings	6,620	1	55	56	6,676	3,962
TOTAL	\$ 27,035,777	\$ 327,757	\$ 457,475	\$ 785,232	\$ 27,821,009	\$ 17,999,628

See accompanying notes to financial statements.

VOLUNTEER LEGAL ADVOCATES

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2025
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2024

	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 626,335	\$ 410,315
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Receipt of donated securities	(39,497)	-
Proceeds from donated securities	39,497	7,345
Realized loss on sale of donated securities	-	26
Amortization of operating right-of-use asset	182,930	174,726
Increase in:		
Grants receivable	(315,477)	(173,194)
Prepaid expenses	(13,957)	(2,735)
Increase (decrease) in:		
Accounts payable and accrued liabilities	402	(991)
Accrued salaries and related benefits	(139,280)	28,394
Operating lease liability	<u>(186,568)</u>	<u>(178,655)</u>
Net cash provided by operating activities	<u>154,385</u>	<u>265,231</u>
Net increase in cash and cash equivalents	154,385	265,231
Cash and cash equivalents at beginning of year	<u>2,584,986</u>	<u>2,319,755</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 2,739,371</u>	<u>\$ 2,584,986</u>
SUPPLEMENTAL INFORMATION:		
Operating Right-of-Use Asset	<u>\$ -</u>	<u>\$ 370,454</u>
Operating Lease Liability for Right-of-Use Asset	<u>\$ -</u>	<u>\$ 370,454</u>

VOLUNTEER LEGAL ADVOCATES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

Volunteer Legal Advocates (the Organization), formerly known as D.C. Volunteer Lawyers Project, is a non-profit organization whose mission is to provide high-quality, free legal and support services to low-income victims of domestic violence, at-risk children, and other vulnerable individuals in the D.C. metro area. Founded in 2008, the Organization broadens their impact by training and supporting hundreds of attorneys to provide pro bono representation to indigent and vulnerable individuals. The Organization provides volunteer attorneys with necessary resources including training, supervision, active mentoring, office and meeting space, and malpractice insurance. The attorneys of the organization provide pro bono legal representation to individuals such as survivors of domestic violence, children in high-conflict custody cases, and survivors of gender-based violence in immigration matters. The Organization receives funding from individuals, corporations, foundations, and Government grants. Effective March 14, 2025, the Organization changed its legal name from D.C. Volunteer Lawyers Project to Volunteer Legal Advocates. The change did not affect the Organization's legal structure or operations.

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) related to non-profit entities. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories are as follows:

- **Net Assets Without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions". Assets restricted solely through the actions of the Board are referred to as Board Designated and are also reported as net assets without donor restrictions.
- **Net Assets With Donor Restrictions** - Net assets may be subject to donor-imposed stipulations that are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor-imposed restrictions are released when the 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. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service.

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2024, from which the summarized information was derived.

Cash and cash equivalents -

The Organization considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents. Bank deposit accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000. At times during the year, the Organization maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

VOLUNTEER LEGAL ADVOCATES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)

Investments -

Investments acquired by gift, such as donated securities, are recorded at their fair value at the date of the gift. The Organization's policy is to liquidate all gifts of investments as soon as possible after the gift.

Grants receivable -

Grants receivable include unconditional promises to give that are expected to be collected in future years. Grants receivable are recorded at their net realizable value, which approximates fair value. Management considers all amounts to be fully collectable within one year. Accordingly, an allowance for doubtful accounts has not been established.

Income taxes -

The Organization is exempt from Federal income tax under Section 501(a) of the Internal Revenue Code ("IRC"), as an organization described in IRC Section 501(c)(3). The Organization had no income from unrelated business activities during the year ended December 31, 2025. Accordingly, no provision for income taxes has been made in the accompanying financial statements. The Organization is not a private foundation.

Contributions and grants -

The Organization receives grants and contributions, including Federal awards from the U.S. Government. Contributions are recognized in the appropriate category of net assets in the period received. The Organization performs an analysis of the individual contribution agreement to determine if the funding stream follows the contribution rules or if it should be recorded as an exchange transaction depending upon whether the transaction is deemed reciprocal or nonreciprocal in accordance with ASC Topic 958.

For grants qualifying under the contribution rules, support is recognized upon notification of the award and satisfaction of all conditions, if applicable. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions, including grants qualifying as contributions, that are unconditional but have donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions. Contributions with donor restrictions either in excess of expenses incurred or with time restrictions are shown as net assets with donor restrictions in the accompanying financial statements.

Conditional contributions contain a right of return and a measurable barrier. Contributions are recognized when conditions have been satisfied. Most Federal grants are for direct and indirect program costs and are considered to be conditional contributions which are recognized as contributions when the amounts become unconditional.

Conditional contributions received in advance of meeting specified conditions established by donors are recorded as refundable advances. However, the Organization had no refundable advances as of December 31, 2025.

In addition, the Organization has obtained funding source agreements related to conditional contributions, such as Federal awards from the U.S. Government, which will be received in future years. The Organization's unrecognized conditional contributions to be received in future years totaled approximately \$2,180,000 as of December 31, 2025.

VOLUNTEER LEGAL ADVOCATES

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Contributed nonfinancial assets -

Contributed nonfinancial assets consists of legal representation provided by volunteer attorneys to the clients of the Organization and consulting services. Contributed nonfinancial assets are recorded at their fair market value as of the date of the gift. Contributed services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. None of the contributed nonfinancial assets were restricted by donors and none of the donated goods were monetized through sale.

Use of estimates -

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities and Change in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses directly attributed to a specific functional area of the Organization are reported as direct expenses to the programmatic area and those expenses that benefit more than one function are allocated on a basis of estimated time and effort or other reasonable basis.

2. BOARD DESIGNATED NET ASSETS

The Organization's net assets without donor restrictions include certain amounts that have been designated by the Board of Directors.

Board designated net assets included the following as of December 31, 2025:

Operating Reserve	\$ <u>1,406,000</u>
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3. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following as of December 31, 2025:

Subject to expenditure for specified purpose:	
Domestic Violence Program	\$ 387,244
Immigration Program	142,337
Subject to passage of time	<u>508,751</u>
NET ASSETS WITH DONOR RESTRICTIONS	\$ <u>1,038,332</u>

VOLUNTEER LEGAL ADVOCATES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

3. NET ASSETS WITH DONOR RESTRICTIONS (Continued)

The following net assets with donor restrictions were released from donor restrictions either by incurring expenses which satisfied the restricted purposes specified by the donors or through the passage of time during the year ended December 31, 2025:

Domestic Violence Program	\$ 197,311
Child Advocacy Program	19,444
Immigration Program	164,157
Passage of Time	<u>212,084</u>
NET ASSETS RELEASED FROM DONOR RESTRICTIONS	<u>\$ 592,996</u>

4. LIQUIDITY

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Board designates a portion of any operating surplus to its liquidity reserve, which was \$1,406,000 as of December 31, 2025. The fund may be drawn upon in the event of financial distress or an immediate liquidity need resulting from events outside the typical life cycle of converting financial assets to cash or settling financial liabilities. Financial assets available for use for general expenditures within one year of the Statement of Financial Position date comprise the following as of December 31, 2025:

Cash and cash equivalents	\$ 2,739,371
Grants receivable	<u>1,083,827</u>
Financial assets, at year-end	3,823,198
Less funds unavailable for general expenditures within one year, due to:	
Restricted by timing or donor purpose restrictions	(1,038,332)
Board designations:	
Amounts set aside for liquidity reserve	<u>(1,406,000)</u>
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	<u>\$ 1,378,866</u>

5. CONTRIBUTED NONFINANCIAL ASSETS

During the year ended December 31, 2025, the Organization was the beneficiary of professional services which allowed the Organization to provide greater resources toward various programs. Contributed nonfinancial assets consist of donated legal services, which are valued using the Laffey Matrix, which is the primary tool for assessing legal fees in the Washington-Baltimore area. All volunteer attorneys submit their pro bono hours on a quarterly basis. If necessary, the Organization estimates the hours donated utilizing information in the case management database and a formula based on calculations from multiple years of experience.

For volunteer attorneys who staff the Organization's clinics, the Organization tallies the hours donated based on scheduling information stored in the case management database. There were no donor-imposed restrictions associated with the contributed services during the year ended December 31, 2025.

VOLUNTEER LEGAL ADVOCATES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

5. CONTRIBUTED NONFINANCIAL ASSETS (Continued)

To properly reflect total program expenses, the following donations have been included in support and expense for the year ended December 31, 2025:

Pro-Bono Legal and Consulting Services	\$ <u>22,877,381</u>
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6. LEASE COMMITMENTS

The Organization follows FASB ASC 842 for leases. The Organization has elected the practical expedient that allows lessees to choose to not separate lease and non-lease components by class of underlying asset and is applying this expedient to all relevant asset classes. The Organization has also elected to use a risk-free rate as the lease discount rate for its lease as allowed under FASB ASC 842.

Operating Leases:

The Organization leases office space in Washington, D.C. under a lease that was set to expire in July 2026. The office lease includes an escalation of base rentals which is being amortized on a basis to achieve straight-line rent expense over the life of the lease. The discount rate used at the recording of the operating lease liability was 1.47%.

For the year ended December 31, 2025, total lease cost was \$185,362 and total cash paid was \$189,000 for the operating lease. The lease cost is included in Facilities and equipment expenses in the accompanying Statement of Functional Expenses.

Year Ending December 31,

2026	\$ 110,250
Less: Imputed interest	<u>(404)</u>
LEASE LIABILITY	\$ <u>109,846</u>

Subsequent to year-end, the lease was extended for a two year period with a new termination date of July 31, 2028.

7. RETIREMENT PLAN

The Organization provides retirement benefits to eligible employees through a defined contribution plan (the Plan). Full and part-time employees who are 21 years-of-age and older are eligible to participate. Eligible employees may contribute to the Plan immediately upon hire. Employer contributions to the Plan, if any, are reviewed and determined annually by the Organization Board of Directors. For the year ended December 31, 2025, the Organization made contributions to the Plan totaling \$109,502 which are included in Salaries and related expenses in the accompanying Statement of Functional Expenses.

8. COMMITMENTS

The Organization is committed under an agreement for event space to hold their Annual Benefit for the fiscal year ending December 31, 2026. The total commitments under the agreements are not determinable as it depends upon attendance and other unknown factors. There are cancellation penalties that would be due if the agreement were cancelled prior to the event date. The amount of the cancellation penalties increase as the date of the event gets closer.

VOLUNTEER LEGAL ADVOCATES

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2025

9. CONTINGENCY

The Organization receives grants from various agencies of the United States Government. Such grants are subject to audit under the provisions of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. The ultimate determination of amounts received under the United States Government grants is based upon the allowance of costs reported to and accepted by the United States Government as a result of the audits. Audits in accordance with the applicable provisions have been completed for all required fiscal years through 2025. Until such audits have been accepted by the United States Government, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits.

10. SUBSEQUENT EVENTS

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through March 27, 2026, the date the financial statements were issued.