

NEIGHBORHOOD LEGAL SERVICES PROGRAM OF THE DISTRICT OF COLUMBIA

LSC GRANT RECIPIENT: 309080

FINANCIAL STATEMENTS

DECEMBER 31, 2025



ASSURANCE, TAX & ADVISORY SERVICES

NEIGHBORHOOD LEGAL SERVICES PROGRAM

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Management
Neighborhood Legal Services Program of the District of Columbia
Washington, DC

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Neighborhood Legal Services Program of the District of Columbia (the Organization), which comprise the statements of financial position as of December 31, 2025 and 2024, the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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, 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 twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 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 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.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Support, Revenue and Expenses, the Schedule of Support, Revenue and Expenses, Other Funding, and Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance) are presented for purposes of additional analysis and are not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 14, 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.

PBMares, LLP

Fairfax, Virginia
April 14, 2026

FINANCIAL STATEMENTS

**NEIGHBORHOOD LEGAL SERVICES PROGRAM
OF THE DISTRICT OF COLUMBIA**

**STATEMENTS OF FINANCIAL POSITION
December 31, 2025 and 2024**

	2025	2024
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 853,827	\$ 1,414,677
Operating investments	6,959	71,437
Grants receivable	93,814	153,695
Other promises to give	61,119	54,000
Prepaid expenses and other assets	53,905	79,932
Total current assets	1,069,624	1,773,741
Non-Current Assets		
Property and equipment, net	55,846	75,235
Operating lease right-of-use asset, net	691,175	980,084
Finance lease right-of-use asset, net	17,865	28,585
Deposits	22,229	26,120
Endowment investments	1,572,643	1,426,087
Total non-current assets	2,359,758	2,536,111
Total assets	\$ 3,429,382	\$ 4,309,852

**NEIGHBORHOOD LEGAL SERVICES PROGRAM
OF THE DISTRICT OF COLUMBIA**

**STATEMENTS OF FINANCIAL POSITION (Continued)
December 31, 2025 and 2024**

	2025	2024
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 62,555	\$ 184,275
Accrued expenses	549,574	436,895
Refundable advances	134,413	19,250
Operating lease liability	339,221	324,752
Finance lease liability	11,663	11,400
	1,097,426	976,572
Non-Current Liabilities		
Operating lease liability, net of current portion	431,706	770,927
Finance lease liability, net of current portion	7,924	19,587
	439,630	790,514
	1,537,056	1,767,086
Net Assets		
Without donor restrictions	314,883	1,106,074
With donor restrictions		
Purpose restrictions	507,533	382,182
Perpetual in nature	1,069,910	1,054,510
	1,892,326	2,542,766
	\$ 3,429,382	\$ 4,309,852

**NEIGHBORHOOD LEGAL SERVICES PROGRAM
OF THE DISTRICT OF COLUMBIA**

**STATEMENT OF ACTIVITIES
Year Ended December 31, 2025**

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, support and gains			
Government grants	\$ 1,287,488	\$ -	\$ 1,287,488
Other grants and contributions	4,406,571	15,400	4,421,971
Donated legal services	4,889,357	-	4,889,357
Program service fees	108,550	-	108,550
Net investment income	12,721	177,001	189,722
Net assets released from restrictions	51,650	(51,650)	-
Total revenue, support and gains	10,756,337	140,751	10,897,088
Expenses			
Program services	10,171,945	-	10,171,945
Support services			
Management and general	936,732	-	936,732
Fundraising	438,851	-	438,851
Total expenses	11,547,528	-	11,547,528
Change in net assets	(791,191)	140,751	(650,440)
Net Assets, beginning	1,106,074	1,436,692	2,542,766
Net Assets, ending	\$ 314,883	\$ 1,577,443	\$ 1,892,326

**NEIGHBORHOOD LEGAL SERVICES PROGRAM
OF THE DISTRICT OF COLUMBIA**

**STATEMENT OF ACTIVITIES
Year Ended December 31, 2024**

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support and Gains			
Government grants	\$ 1,598,626	\$ -	\$ 1,598,626
Other grants and contributions	4,610,100	14,055	4,624,155
Donated legal services	4,489,537	-	4,489,537
Program service fees	1,215	-	1,215
Net investment income	17,964	152,152	170,116
Net assets released from restrictions	-	-	-
Total revenue, support and gains	10,717,442	166,207	10,883,649
Expenses			
Program services	9,986,271	-	9,986,271
Support services			
Management and general	403,834	-	403,834
Fundraising	397,214	-	397,214
Total expenses	10,787,319	-	10,787,319
Change in net assets	(69,877)	166,207	96,330
Net Assets, beginning	1,175,951	1,270,485	2,446,436
Net Assets, ending	\$ 1,106,074	\$ 1,436,692	\$ 2,542,766

**NEIGHBORHOOD LEGAL SERVICES PROGRAM
OF THE DISTRICT OF COLUMBIA**

**STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2025**

	Program Services	Support Services			Total	Cost of Direct Benefits to Donors	Total
		Management and General	Fundraising	Support Services			
Salaries and Wages:							
Lawyers	\$ 2,418,482	\$ 66,598	\$ 5,924	\$ 72,522	\$ -	\$ -	\$ 2,491,004
Support staff	965,839	442,281	290,439	732,720	-	-	1,698,559
Payroll Taxes	282,892	42,637	24,819	67,456	-	-	350,348
Employee Benefits	361,169	56,603	30,511	87,114	-	-	448,283
Donated Legal Services	4,889,357	-	-	-	-	-	4,889,357
Space and Occupancy	305,733	71,220	-	71,220	-	-	376,953
Contract Services	210,004	121,800	36,320	158,120	-	-	368,124
Subgrants	365,158	-	-	-	-	-	365,158
Professional Services	149,307	15,467	-	15,467	-	-	164,774
Insurance	39,216	13,592	-	13,592	-	-	52,808
Fundraising	-	-	1,496	1,496	46,554	-	48,050
Office Expenses	13,859	29,226	655	29,881	-	-	43,740
Library Expense	42,884	459	-	459	-	-	43,343
Communications, printing and media	33,334	6,620	-	6,620	-	-	39,954
Dues and Conference Fees	33,747	6,077	-	6,077	-	-	39,824
Depreciation and Amortization	9,299	20,810	-	20,810	-	-	30,109
Staff Training	23,904	5,898	225	6,123	-	-	30,027
Travel	14,652	5,031	1,218	6,249	-	-	20,901
Bad Debt Expense	-	17,500	-	17,500	-	-	17,500
Litigation Expense	13,059	-	-	-	-	-	13,059
Direct Client Expenses	-	9,377	-	9,377	-	-	9,377
Other Expenses	50	4,299	690	4,989	-	-	5,039
Equipment Rental and Maintenance	-	1,222	-	1,222	-	-	1,222
Meeting Expense	-	15	-	15	-	-	15
	\$ 10,171,945	\$ 936,732	\$ 392,297	\$ 1,329,029	\$ 46,554	\$ -	\$ 11,547,528

See Notes to Financial Statements.

**NEIGHBORHOOD LEGAL SERVICES PROGRAM
OF THE DISTRICT OF COLUMBIA**

**STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2024**

	Program Services	Support Services			Total	Cost of Direct Benefits to Donors	Total
		Management and General	Fundraising	Support Services			
Salaries and Wages:							
Lawyers	\$ 2,401,595	\$ -	\$ -	\$ -	\$ -	\$ -	2,401,595
Support staff	1,191,898	215,633	189,899	405,532	-	-	1,597,430
Payroll Taxes	301,520	17,852	14,527	32,379	-	-	333,899
Employee Benefits	414,417	17,533	1,440	18,973	-	-	433,390
Donated Legal Services	4,489,537	-	-	-	-	-	4,489,537
Space and Occupancy	327,277	457	-	457	-	-	327,734
Contract Services	263,537	85,024	99,570	184,594	-	-	448,131
Subgrants	188,968	-	-	-	-	-	188,968
Professional Services	114,519	17,213	-	17,213	-	-	131,732
Insurance	39,308	-	-	-	-	-	39,308
Fundraising	-	-	1,969	1,969	89,809	-	91,778
Office Expenses	58,458	4,243	-	4,243	-	-	62,701
Library Expense	47,207	-	-	-	-	-	47,207
Communications, printing and media	40,276	1,799	-	1,799	-	-	42,075
Dues and Conference Fees	32,846	2,259	-	2,259	-	-	35,105
Depreciation and Amortization	-	37,759	-	37,759	-	-	37,759
Staff Training	42,120	-	-	-	-	-	42,120
Travel	15,031	2,711	-	2,711	-	-	17,742
Litigation Expense	7,991	-	-	-	-	-	7,991
Direct Client Expenses	6,092	-	-	-	-	-	6,092
Other Expenses	1,635	807	-	807	-	-	2,442
Equipment Rental and Maintenance	2,039	-	-	-	-	-	2,039
Meeting Expense	-	544	-	544	-	-	544
	\$ 9,986,271	\$ 403,834	\$ 307,405	\$ 711,239	\$ 89,809	\$ -	\$ 10,787,319

See Notes to Financial Statements.

**NEIGHBORHOOD LEGAL SERVICES PROGRAM
OF THE DISTRICT OF COLUMBIA**

**STATEMENTS OF CASH FLOWS
Years Ended December 31, 2025 and 2024**

	2025	2024
Cash Flows from Operating Activities		
Change in net assets	\$ (650,440)	\$ 96,330
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	30,109	37,759
Realized and unrealized gains on operating and endowment investment	(129,861)	(122,036)
Contributed stock	(6,148)	-
Decrease (increase) in assets:		
Grants receivable	59,881	379,412
Other promises to give	(7,119)	(54,000)
Prepaid expenses and other assets	26,027	(72,241)
Deposits	3,891	-
Increase (decrease) in liabilities:		
Accounts payable	(121,720)	68,257
Accrued expenses	112,679	27,879
Refundable advances	115,163	(137,530)
Operating lease liability	(35,843)	(55,280)
Net cash (used in) provided by operating activities	(603,381)	168,550
Cash Flows from Investing Activities		
Purchases of property and equipment	-	(91,652)
Redemption of certificate of deposit	-	31,506
Purchases of investments	(70,719)	(46,505)
Proceeds from sale of investments	124,650	-
Net cash provided by (used in) investing activities	53,931	(106,651)
Cash Flows from Financing Activities		
Principal payments on finance leases	(11,400)	(11,222)
Net cash used in financing activities	(11,400)	(11,222)
Net change in cash and cash equivalents	(560,850)	50,677
Cash		
Beginning of year	1,414,677	1,364,000
End of year	\$ 853,827	\$ 1,414,677
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	\$ 2,648	\$ 845

NEIGHBORHOOD LEGAL SERVICES PROGRAM OF THE DISTRICT OF COLUMBIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Organization and Summary of Significant Accounting Policies

Neighborhood Legal Services Program of the District of Columbia (the Organization) was incorporated under the provisions of the District of Columbia Non-Profit Corporation Act to provide free legal resources and strategies for the elimination of the causes of poverty and to promote the education of the indigent on the rights and responsibilities of citizenship.

The Organization provides free legal representation and advice to low-income residents in the District of Columbia. The Organization's services include advocacy before the courts and administrative bodies, legal advice, community education and outreach and the substantive areas in which the program practices include housing, family law, employment, consumer, public benefits and wills/estates.

The Organization maintains a small claims clinic located at the District of Columbia courthouse in collaboration with other non-profit organizations.

The Organization is funded primarily by grants from the Legal Services Corporation (LSC), a non-profit organization established by Congress to administer a nationwide legal assistance program and the District of Columbia Bar Foundation, a non-profit organization, that distributes funds from the District of Columbia government to support the provision of civil legal services.

Basis of presentation: The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles of the United States (U.S. GAAP).

Cash and cash equivalents: The Organization considers all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to building projects, endowments that are perpetual in nature, or other long-term purposes are excluded from this definition.

Operating investments: Operating investments consist of money market funds and short-term equity mutual funds and are reported at fair value. Fair value is 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. See Note 6 for discussion of fair value measurements. Unrealized and realized gains and losses, interest, and dividends are included in net investment income in the accompanying statements of activities.

Concentration of credit risk: Financial instruments which potentially subject the Organization to concentration of credit risk consist principally of cash and cash equivalents. Cash accounts are maintained in various financial institutions in the United States. Accounts are insured by the Federal Deposit Insurance Organization up to \$250,000. From time to time, the Organization's accounts may exceed insured limits. The Organization has not experienced losses as a result of this. The Organization maintains sufficient insurance of refundable advances. LSC funds held for operating expenses are maintained in federally insured bank accounts. The Organization maintains accounts with several banks to ensure that any given time, if losses occur, the amount of insurance on the various accounts would be sufficient to ensure no losses of LSC funds. The Organization did not invest any LSC funds during the years ended December 31, 2025 and 2024.

NEIGHBORHOOD LEGAL SERVICES PROGRAM OF THE DISTRICT OF COLUMBIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Organization and Summary of Significant Accounting Policies (Continued)

Grants receivable and other promises to give: Unconditional support and contributions receivable are recorded that are expected to be collected within one year at net realizable value. Unconditional support and contributions receivable expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contributions and support in the statements of activities. No allowance has been recorded because there is no history of uncollectible promises to give.

Property and equipment: The Organization follows the practice of capitalizing all expenditures for property and equipment at cost, if cost is in excess of \$5,000. Depreciation of property and equipment is computed on a straight-line basis over the estimated lives of the assets. The estimated useful life of furniture, fixtures, equipment, and software is 3 to 7 years.

LSC has reversionary interests in any property and equipment acquired by the Organization with LSC funds. In addition, LSC has the right to determine the use of any proceeds from the sale of assets purchased with its funds. No property has been acquired with LSC funds.

Tom Williamson Endowment Fund: The Organization has an endowment fund that is perpetual in nature with Covington & Burling, LLP. The purpose of the fund is to assist in carrying out the tax-exempt purposes of the Organization, specifically to include funding the compensation, benefits, and related expenses of the Thomas S. Williamson Director of Litigation and Advocacy. The endowment was funded by a contribution from Covington & Burling, LLP and from contributions received by the Organization which were restricted by donors for the endowment. The fund is held and managed by the Organization. Subject to laws, regulations, and the agreement with Covington & Burling, LLP, the Organization may spend, in furtherance of the purpose, a portion of the principal of the fund in any calendar year if extraordinary circumstances so require. The fund is reported at fair value in the statements of financial position, with contributions, distributions, and changes in fair value recognized in the statements of activities.

Leases: The Organization accounts for leases in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update No. 2016-02, *Leases* (Topic 842).

At contract inception, the Organization determines if a contract is or contains a lease and whether it is an operating lease or a finance lease. The Organization does not separate components for real estate leases.

The Organization has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on straight-line basis. The Organization also elected the practical expedient to not separate lease and non-lease components for all leases.

For leases that have a term greater than one year, the Organization initially recognizes current and non-current lease liabilities and right-of-use (ROU) assets at the lease commencement date, which is the date that the lessor makes an underlying asset available for use by the Organization. ROU assets represent the Organization's right to use an underlying asset for the lease term and current and non-current lease liabilities represent the present value of the Organization's obligation to make lease payments, primarily escalating fixed payments, over the lease term.

NEIGHBORHOOD LEGAL SERVICES PROGRAM OF THE DISTRICT OF COLUMBIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Organization and Summary of Significant Accounting Policies (Continued)

Leases (continued): The discount rate used to determine the present value of the lease payments is generally the rate implicit in the lease agreement. If the discount rate in the lease agreement is not readily determinable, entities use the incremental borrowing rate, however the Organization has elected the practical expedient to use the risk free rate.

The Organization's lease terms for each of its leases represent the non-cancelable period for which the Organization has the right to use an underlying asset, together with all of the following: (i) periods covered by an option to extend the lease, if the Organization is reasonably certain to exercise that option, (ii) periods covered by an option to terminate the lease if the Organization is reasonably certain not to exercise that option, and (iii) periods covered by an option to extend (or not to terminate) the lease in which exercise of the option is controlled by the lessor. The Organization recognizes lease expense as an operating expense on a straight-line basis over the lease term.

See Note 11 for additional information regarding leases.

Revenue recognition: Revenue from contracts with customers is derived primarily from special events. Economic factors are driven by customer confidence, employment, inflation and other world events that impact the timing and level of cash received and revenue recognized by the Organization. Periods of economic downturn resulting from any of the above factors may result in declines in future cash flows and recognized revenue of the Organization.

The Organization did not have any impairment or credit losses on any receivables or contract assets arising from contracts with customers. There are also no incremental costs of obtaining a contract and no significant financing components. Finally, there are no significant changes in the judgments affecting the determination of the amount and timing of revenue from contracts with customers.

The following is a summary of the Organization's revenue from contracts with customers:

Special events: Special event revenue is recognized when the event takes place. These fees are generally collected in advance of the event and are recorded as deferred revenue until the event occurs. Special event revenue is included in program service fees on the statements of activities.

The timing of revenue recognition may not align with when payment for sponsorships are received. The Organization records accounts receivable when it has the unconditional right receive payment. For any amounts received in advance and for which performance obligations have not been satisfied, a contract liability (deferred revenue) is recorded. The opening balances of accounts receivable and deferred revenue related to contracts with customers as of January 1, 2024 were \$0.

Donated property and services: Donated services are recognized as support if the services (a) create or enhance nonfinancial assets, and (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. The value of donated services, representing services rendered by various corporations and individuals at no charge to the Organization, is based on the approximate fair market value of the services received.

NEIGHBORHOOD LEGAL SERVICES PROGRAM OF THE DISTRICT OF COLUMBIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Organization and Summary of Significant Accounting Policies (Continued)

Support: The Organization recognizes unconditional grant support as awarded. A receivable is recognized upon notification of unconditional support. In accordance with the terms of its contract, the Organization may use unexpended funds in future periods to the extent that expenses incurred are in compliance with the specified terms of the contract. LSC may, at its discretion, request reimbursement or return of funds, or both, as a result of noncompliance by the Organization with the terms of its contract.

Refundable advances: When the Organization receives conditional support and contributions before the condition is met, the amount is recorded as refundable advances. Once the condition has been met, the Organization recognizes the support and contribution as an increase in net assets without donor restrictions if no donor imposed restrictions exist or as an increase in net assets with donor restrictions if such restrictions exist.

Income taxes: The Organization is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Organization has adopted the provisions of accounting for uncertainty in income tax positions as required by *Income Taxes* (Topic 740) of the FASB Accounting Standards Codification; however, management does not believe it is exposed to any such positions as defined in this guidance, nor do they expect this to change significantly over the next 12 months. The Organization files Form 990, *Return of Organization Exempt from Income Tax*, annually with the United States Department of the Treasury. Such returns are subject to examination by taxing authorities, generally for a period of three years from the date the returns are filed.

Functional expenses: The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, depreciation, salaries and wages, benefits, payroll taxes, professional services, and other expenses, which are allocated on funding basis. Any expenses that can be identified to a funding source are directly charged to an appropriate grant.

Net assets: Net assets, support and revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions: Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions: Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by 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.

Estimates: The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NEIGHBORHOOD LEGAL SERVICES PROGRAM OF THE DISTRICT OF COLUMBIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Organization and Summary of Significant Accounting Policies (Continued)

Subsequent events: The Organization has evaluated subsequent events through April 14, 2026, the date on which the financial statements were available to be issued.

Note 2. Liquidity and Availability

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments. The Organization strives to maintain liquid financial assets sufficient to cover at least three months of operating expenses. The Organization also operates with a budget plan and anticipates collecting sufficient revenue to cover general expenses. 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, comprise the following:

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 853,827	\$ 1,414,677
Operating investments	6,959	71,437
Grants receivable	93,814	153,695
Other promises to give	61,119	54,000
Financial assets and liquidity resources available within one year	\$ 1,015,719	\$ 1,693,809

Income from the donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

Note 3. Concentration of Funding

The Organization's operations are funded principally through general purpose contracts from Legal Services Corporation (11% and 12% of total revenue, support, and gains for the years ended December 31, 2025 and 2024, respectively) and the DC Bar Foundation (33% and 35% of total revenue, support, and gains for the years ended December 31, 2025 and 2024, respectively), as well as donated legal services from Covington & Burling LLP (46% and 43% of total revenue, support, and gains for the years ended December 31, 2025 and 2024, respectively).

**NEIGHBORHOOD LEGAL SERVICES PROGRAM
OF THE DISTRICT OF COLUMBIA**

NOTES TO FINANCIAL STATEMENTS

Note 3. Concentration of Funding (Continued)

The revenue, support, and gains are summarized as follows for the years ended December 31:

	Recipient Number	2025	2024
Legal Services Corporation			
Basic	309080	\$ 906,603	\$ 957,062
Private attorney involvement		173,357	163,424
TIG CIR		24,230	102,987
TIP		26,000	-
TIG AEE		80,519	113,025
		<u>\$ 1,210,709</u>	<u>\$ 1,336,498</u>
DC Bar Foundation			
Economic Security Unit		\$ 446,409	\$ 437,656
HCPI		261,223	256,101
IOLTA		50,000	50,000
Polk Street		452,674	452,674
Brief Services Unit		283,341	257,583
Eviction Prevention		1,168,991	1,266,863
Stabilizing Communities		289,443	276,986
Eviction Diversion		589,435	531,694
CIR Pilot Program		98,839	232,676
		<u>\$ 3,640,355</u>	<u>\$ 3,762,233</u>
Covington & Burling LLP			
Donated legal services		\$ 4,884,016	\$ 4,488,067
Other support and revenue		140,000	137,000
		<u>\$ 5,024,016</u>	<u>\$ 4,625,067</u>

Note 4. Private Attorney Involvement (PAI)

LSC regulations require that 12.5% of the basic LSC grant be allocated to private attorney involvement. For the year ended December 31, 2025, the minimum requirement was \$134,995 and the Organization expended \$173,357.

**NEIGHBORHOOD LEGAL SERVICES PROGRAM
OF THE DISTRICT OF COLUMBIA**

NOTES TO FINANCIAL STATEMENTS

Note 5. Property and Equipment

Property and equipment consists of the following at December 31:

	<u>2025</u>	<u>2024</u>
Furniture and fixtures	\$ 96,112	\$ 96,112
Equipment and software	<u>120,199</u>	<u>120,199</u>
	216,311	216,311
Less accumulated depreciation and amortization	<u>(160,465)</u>	<u>(141,076)</u>
	<u>\$ 55,846</u>	<u>\$ 75,235</u>

Depreciation and amortization expense related to property and equipment for the years ended December 31, 2025 and 2024 was \$19,389 and \$27,040, respectively.

Note 6. Fair Value Measurements

The Organization reports investments at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumption that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the last information available. A three-tier hierarchy categorizes the inputs as follows:

- Level 1:** Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.
- Level 2:** Inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; or inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3:** Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

**NEIGHBORHOOD LEGAL SERVICES PROGRAM
OF THE DISTRICT OF COLUMBIA**

NOTES TO FINANCIAL STATEMENTS

Note 6. Fair Value Measurements (Continued)

Assets and liabilities are measured at fair value based on one or more of three valuation techniques identified in the table below. The valuation techniques are as follows:

- (a) Market approach. Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities;
- (b) Cost approach. Amount that would be required to replace the service capacity of an asset (replacement cost); and
- (c) Income approach. Techniques to convert future amounts to a single present amount based on market expectations (including present value techniques, option-pricing and excess earnings models).

The following table presents the Organization's fair value hierarchy for the financial instruments measured at fair value on a recurring basis as of December 31, 2025:

	Level 1	Level 2	Level 3	Total
Operating investments:				
Money market funds	\$ 1,212	\$ -	\$ -	\$ 1,212
Equity mutual funds	5,747	-	-	5,747
Total operating investments	6,959	-	-	6,959
Endowment investments:				
Money market funds	285,999	-	-	285,999
Fixed income	350,931	-	-	350,931
Equity mutual funds	793,563	-	-	793,563
Fixed income mutual funds	142,150	-	-	142,150
Total endowment investments	1,572,643	-	-	1,572,643
	\$ 1,579,602	\$ -	\$ -	\$ 1,579,602

**NEIGHBORHOOD LEGAL SERVICES PROGRAM
OF THE DISTRICT OF COLUMBIA**

NOTES TO FINANCIAL STATEMENTS

Note 6. Fair Value Measurements (Continued)

The following table presents the Organization's fair value hierarchy for the financial instruments measured at fair value on a recurring basis as of December 31, 2024:

	Level 1	Level 2	Level 3	Total
Operating investments:				
Money market funds	\$ 71,437	\$ -	\$ -	\$ 71,437
Endowment investments				
Money market funds	262,242	-	-	262,242
Fixed income	332,680	-	-	332,680
Equity mutual funds	706,923	-	-	706,923
Fixed income mutual funds	124,242	-	-	124,242
Total endowment investments	1,426,087	-	-	1,426,087
	\$ 1,497,524	\$ -	\$ -	\$ 1,497,524

Money market funds: Money market funds are measured at fair value based on quoted market prices, when available, or market prices recognized by broker dealers.

Fixed income: Fixed income investments are measured at fair value based on quoted market prices, when available, or market prices recognized by broker dealers.

Equity and fixed income mutual funds: Equity and fixed income mutual funds are measured at fair value based on quoted market prices, when available, or market prices recognized by broker dealers.

Note 7. Endowment and Net Assets with Donor Restrictions

The Organization's endowment consists of one donor-restricted endowment fund. The net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The District of Columbia adopted a version of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA").

The Organization has interpreted UPMIFA as requiring the preservation of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization retains in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give net, of discount and allowance for doubtful accounts) donated to the Endowment, and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added.

**NEIGHBORHOOD LEGAL SERVICES PROGRAM
OF THE DISTRICT OF COLUMBIA**

NOTES TO FINANCIAL STATEMENTS

Note 7. Endowment and Net Assets with Donor Restrictions (Continued)

Changes in endowment net assets with donor restrictions for the year ended December 31, 2025 are as follows:

	Gift amount to be maintained in perpetuity	Accumulated earnings (net assets with purpose restrictions)	Total
Endowment net assets, beginning of year	\$ 1,043,905	\$ 382,182	\$ 1,426,087
Investment return, net	-	177,001	177,001
Contributions	21,205	-	21,205
Distributions	-	(51,650)	(51,650)
Endowment Net Assets, end of year	<u>1,065,110</u>	<u>507,533</u>	<u>1,572,643</u>
Restricted contributions not yet transferred to endowment	<u>4,800</u>	-	<u>4,800</u>
Total net assets with donor restrictions	<u>\$ 1,069,910</u>	<u>\$ 507,533</u>	<u>\$ 1,577,443</u>

Changes in endowment net assets with donor restrictions for the year ended December 31, 2024 are as follows:

	Gift amount to be maintained in perpetuity	Accumulated earnings (net assets with purpose restrictions)	Total
Endowment net assets, beginning of year	\$ 1,040,455	\$ 230,030	\$ 1,270,485
Investment return, net	-	152,152	152,152
Contributions	3,450	-	3,450
Endowment Net Assets, end of year	<u>1,043,905</u>	<u>382,182</u>	<u>1,426,087</u>
Restricted contributions not yet transferred to endowment	<u>10,605</u>	-	<u>10,605</u>
Total net assets with donor restrictions	<u>\$ 1,054,510</u>	<u>\$ 382,182</u>	<u>\$ 1,436,692</u>

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). As of December 31, 2025 and 2024, no such deficiencies existed.

NEIGHBORHOOD LEGAL SERVICES PROGRAM OF THE DISTRICT OF COLUMBIA

NOTES TO FINANCIAL STATEMENTS

Note 7. Endowment and Net Assets with Donor Restrictions (Continued)

The Organization has adopted investment and spending policies for endowment fund assets that attempts to preserve the capital while creating the potential for capital growth with only moderate levels of risk. The endowment fund assets are invested in financial instruments with the objective of emphasizing long-term growth of the funds while avoiding excessive risk.

Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. Investment income in the endowment fund is appropriated for distribution at the discretion of the Board of Directors. The Organization may appropriate for expenditure up to 4% of the lesser of the current value of the endowment fund or the trailing three-year average value of the endowment fund.

Releases from net assets with donor restrictions were \$51,650 and \$0 for the years ended December 31, 2025 and 2024, respectively.

Note 8. Retirement Plan

The Organization has a 403(b) plan for all qualified employees. The Organization made a discretionary contribution of 0% and 1.5% of wages during the years ended December 31, 2025 and 2024, respectively. Retirement plan expense amounted to \$0 and \$42,373 for the years ended December 31, 2025 and 2024, respectively.

Note 9. In-Kind Support

The Organization receives donated services of pro-bono legal work from attorneys, law students and paralegals. Contributed nonfinancial assets of pro-bono legal work totaled \$4,889,357 and \$4,489,537 for the years ended December 31, 2025 and 2024 respectively. The valuation of the contributed nonfinancial assets is determined by the market charge rate for each level of pro-bono legal work. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

Note 10. Related Parties

One of the Organization's board members is a partner with a law firm that provides the Organization with donated professional and administrative staff services. For the years ended December 31, 2025 and 2024, the cost of the services totaled \$4,884,016 and \$4,488,067, respectively. The law firm also contributes cash and provides sponsorships to the Organization. For the years ended December 31, 2025 and 2024, cash contributions from the law firm totaled \$138,050 and \$137,000. These contributions were free of any donor restrictions. For the years ended December 31, 2025 and 2024, sponsorships for the law firm totaled \$1,950 and \$0, respectively. This law firm also contributed the original corpus of the Tom Williamson Endowment Fund as disclosed in Note 1.

**NEIGHBORHOOD LEGAL SERVICES PROGRAM
OF THE DISTRICT OF COLUMBIA**

NOTES TO FINANCIAL STATEMENTS

Note 11. Leases

The Organization leases certain office facilities and equipment at various terms under long-term non-cancelable operating lease and finance lease agreements. The leases expire at various dates through 2028 and provide for renewal options ranging from one year to five years. The Organization includes in the determination of the right-of-use assets and lease liabilities any renewal options when the options are reasonably certain to be exercised. Their operating lease provides for increases in future minimum annual rental payments. Additionally, the operating lease agreement requires the Organization to pay real estate taxes, insurance, and repairs.

The Organization also leases storage space on a month-to-month basis, requiring monthly payments that vary and are approximately \$1,200. This lease is accounted for under the short-term lease exception.

Total lease costs are as follows for the years ended December 31:

	<u>2025</u>	<u>2024</u>
Operating lease cost	\$ 304,176	\$ 304,176
Finance lease cost:		
Interest expense	588	845
Amortization of right-of-use lease assets	10,720	10,719
Short-term lease expense	<u>21,519</u>	<u>13,392</u>
Total lease cost	<u>\$ 337,003</u>	<u>329,132</u>

Operating and short-term lease costs, interest expense, and amortization of right-of-use assets are included in space and occupancy, other expenses, and depreciation and amortization on the statements of functional expenses, respectively.

The following table summarizes the supplemental cash flow information for the years ended December 31:

	<u>2025</u>	<u>2024</u>
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	\$ 338,585	\$ 329,176
Operating cash flows from finance leases	588	845
Financing cash flows from finance leases	<u>11,400</u>	<u>11,662</u>

The following summarizes the weighted-average remaining lease term and weight-average discount rate:

	<u>2025</u>	<u>2024</u>
Weighted-average remaining lease terms in years:		
Operating leases	2.22	3.22
Finance leases	1.67	2.76
Weighted-average discount rate:		
Operating leases	1.46%	1.46%
Finance leases	2.28%	2.28%

**NEIGHBORHOOD LEGAL SERVICES PROGRAM
OF THE DISTRICT OF COLUMBIA**

NOTES TO FINANCIAL STATEMENTS

Note 11. Leases (Continued)

The future minimum lease payments under noncancelable operating and finance leases with terms greater than one year are listed below:

<u>Year Ended December 31,</u>	<u>Operating</u>	<u>Finance</u>
2026	\$ 348,226	\$ 11,988
2027	358,157	7,992
2028	77,691	-
Total lease payments	784,074	19,980
Less imputed interest	(13,147)	(393)
Total present value of lease liabilities	\$ 770,927	\$ 19,587

SUPPLEMENTARY INFORMATION

**NEIGHBORHOOD LEGAL SERVICES PROGRAM
OF THE DISTRICT OF COLUMBIA**

**SCHEDULE OF SUPPORT, REVENUE AND EXPENSES
Year Ended December 31, 2025**

	Legal Services Corporation Funding						Other Funding	Total
	Legal Services Corporation Basic Field Grant	Private Attorney Involvement	Legal Services Corporation TIG CIR	Legal Services Corporation TIP	Legal Services Corporation TIG AEE	Total Legal Services Corporation		
Revenue, support and gains								
Government grants	\$ 906,603	\$ 173,357	\$ 24,230	\$ 26,000	\$ 80,519	\$ 1,210,709	\$ 76,779	\$ 1,287,488
Other grants and contributions	-	-	-	-	-	-	4,421,971	4,421,971
Donated legal services	-	4,889,357	-	-	-	4,889,357	-	4,889,357
Program service fees	-	-	-	-	-	-	108,550	108,550
Net investment income	-	-	-	-	-	-	189,722	189,722
Total revenue, support, and gains	906,603	5,062,714	24,230	26,000	80,519	6,100,066	4,797,022	10,897,088
Expenses								
Salaries:								
Lawyers	325,546	141,426	-	-	16,996	483,968	2,007,036	2,491,004
Support staff	265,602	4,176	-	4,065	21,642	295,485	1,403,074	1,698,559
Payroll taxes	49,298	12,176	-	330	3,268	65,072	285,276	350,348
Employee benefits	59,083	15,579	-	605	4,131	79,398	368,885	448,283
Donated legal services	-	4,889,357	-	-	-	4,889,357	-	4,889,357
Space and Occupancy	80,172	-	-	-	1,780	81,952	295,001	376,953
Contract Services	32,959	-	22,919	-	-	55,878	312,246	368,124
Subgrants	-	-	-	21,000	-	21,000	344,158	365,158
Professional Services	22,880	-	1,311	-	30,000	54,191	110,583	164,774
Insurance	9,752	-	-	-	-	9,752	43,056	52,808
Fundraising	-	-	-	-	-	-	48,050	48,050
Office Expenses	3,463	-	-	-	-	3,463	40,277	43,740
Library Expense	7,966	-	-	-	-	7,966	35,377	43,343
Communications, printing and media	8,584	-	-	-	1,960	10,544	29,410	39,954
Dues and Conference Fees	20,052	-	-	-	-	20,052	19,772	39,824
Depreciation and Amortization	2,217	-	-	-	-	2,217	27,892	30,109
Staff Training	6,777	-	-	-	-	6,777	23,250	30,027
Travel	7,465	-	-	-	742	8,207	12,694	20,901
Bad Debt Expense	-	-	-	-	-	-	17,500	17,500
Litigation Expense	4,737	-	-	-	-	4,737	8,322	13,059
Direct Client Expenses	-	-	-	-	-	-	9,377	9,377
Other Expenses	50	-	-	-	-	50	4,989	5,039
Equipment Rental and Maintenance	-	-	-	-	-	-	1,222	1,222
Meeting Expense	-	-	-	-	-	-	15	15
Total expenses	\$ 906,603	\$ 5,062,714	\$ 24,230	\$ 26,000	\$ 80,519	\$ 6,100,066	\$ 5,447,462	\$ 11,547,528
Refundable advances - LSC								
Funds received	\$ 906,603	\$ 5,062,714	\$ 24,230	\$ 26,000	\$ 80,519	\$ 6,100,066		
Total LSC funds received over (under) expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Refundable advances - LSC, beginning of year	-	-	-	-	-	-		
Refundable advances - LSC, end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Reconciliation of expenses to schedule of federal expenditures - LSC								
Total expenses	\$ 906,603	\$ 5,062,714	\$ 24,230	\$ 26,000	\$ 80,519	\$ 6,100,066		
Less non federal expenditures								
Donated services	-	(4,889,357)	-	-	-	(4,889,357)		
Total federal expenditures - LSC	\$ 906,603	\$ 173,357	\$ 24,230	\$ 26,000	\$ 80,519	\$ 1,210,709		

**NEIGHBORHOOD LEGAL SERVICES PROGRAM
OF THE DISTRICT OF COLUMBIA**

**SCHEDULE OF SUPPORT, REVENUE AND EXPENSES
Year Ended December 31, 2024**

	Legal Services Corporation Funding								Total
	Legal Services Corporation Basic Field Grant	Private Attorney Involvement	Legal Services Corporation TIG CIR	Legal Services Corporation TIP	Legal Services Corporation TIG AEE	Total Legal Services Corporation	Other Funding		
Revenue, support and gains									
Government grants	\$ 957,062	\$ 163,424	\$ 102,987	\$ -	\$ 113,025	\$ 1,336,498	\$ 262,128	\$ -	\$ 1,598,626
Other grants and contributions	-	-	-	-	-	-	4,624,155	-	4,624,155
Donated legal services	-	4,489,537	-	-	-	4,489,537	-	-	4,489,537
Program service fees	-	-	-	-	-	-	1,215	-	1,215
Net investment income	-	-	-	-	-	-	170,116	-	170,116
Total revenue, support, and gains	957,062	4,652,961	102,987	-	113,025	5,826,035	5,057,614	-	10,883,649
Expenses									
Salaries:									
Lawyers	297,689	123,220	-	-	38,285	459,194	1,942,401	-	2,401,595
Support Staff	511,834	23,506	6,979	-	31,862	574,181	1,023,249	-	1,597,430
Payroll taxes	85,235	15,788	657	-	5,366	107,046	226,853	-	333,899
Employee benefits	4,947	910	949	-	4,990	11,796	421,594	-	433,390
Donated legal services	-	4,489,537	-	-	-	4,489,537	-	-	4,489,537
Space and Occupancy	-	-	-	-	-	-	327,734	-	327,734
Contract Services	30,720	-	93,115	-	15,000	138,835	309,296	-	448,131
Subgrants	-	-	-	-	-	-	188,968	-	188,968
Professional Services	8,000	-	-	-	15,000	23,000	108,732	-	131,732
Insurance	-	-	-	-	-	-	39,308	-	39,308
Fundraising	-	-	-	-	-	-	91,778	-	91,778
Office Expenses	-	-	-	-	2,176	2,176	60,525	-	62,701
Library Expense	6,091	-	-	-	-	6,091	41,116	-	47,207
Communications, printing and media	-	-	-	-	-	-	42,075	-	42,075
Dues and Conference Fees	9,476	-	-	-	-	9,476	25,629	-	35,105
Depreciation and Amortization	-	-	-	-	-	-	37,759	-	37,759
Staff Training	-	-	-	-	-	-	42,120	-	42,120
Travel	-	-	-	-	-	-	17,742	-	17,742
Bad Debt Expense	-	-	-	-	-	-	-	-	-
Litigation Expense	1,031	-	-	-	-	1,031	6,960	-	7,991
Direct Client Expenses	-	-	-	-	-	-	6,092	-	6,092
Other Expenses	-	-	1,287	-	346	1,633	809	-	2,442
Equipment Rental and Maintenance	2,039	-	-	-	-	2,039	-	-	2,039
Meeting Expense	-	-	-	-	-	-	544	-	544
Total expenses	\$ 957,062	\$ 4,652,961	\$ 102,987	\$ -	\$ 113,025	\$ 5,826,035	\$ 4,961,284	\$ -	\$ 10,787,319
Refundable advances - LSC									
Funds received	\$ 957,062	\$ 4,635,232	\$ 102,987	\$ -	\$ 113,025	\$ 5,808,306	-	-	-
Total LSC funds received over (under) expenses	\$ -	\$ (17,729)	\$ -	\$ -	\$ -	\$ (17,729)	-	-	-
Refundable advances - LSC, beginning of year	-	17,729	-	-	-	17,729	-	-	-
Refundable advances - LSC, end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**NEIGHBORHOOD LEGAL SERVICES PROGRAM
OF THE DISTRICT OF COLUMBIA**

**SCHEDULE OF SUPPORT, REVENUE AND EXPENSES, OTHER FUNDING
Year Ended December 31, 2025**

	Other Funding						Total
	Gallogly Family Foundation	DHCD HCPI	DC Bar Foundation	Westwood	Equal Justice America	Other Income	
Revenue, support and gains							
Government grants	\$ -	\$ 76,779	\$ -	\$ -	\$ -	\$ -	76,779
Other grants and contributions	60,154	-	3,640,355	162,611	34,139	524,712	4,421,971
Program service fees	-	-	-	-	-	108,550	108,550
Net investment income	-	-	-	-	-	189,722	189,722
Total revenue, support, and gains	60,154	76,779	3,640,355	162,611	34,139	822,984	4,797,022
Expenses							
Salaries:							
Lawyers	50,554	27,082	1,615,305	136,421	28,443	149,231	2,007,036
Support staff	-	11,795	615,636	-	-	775,643	1,403,074
Payroll taxes	4,249	3,226	186,452	11,315	2,410	77,624	285,276
Employee benefits	5,351	4,033	244,942	14,302	3,104	97,153	368,885
Space and Occupancy	-	-	223,781	-	-	71,220	295,001
Contract Services	-	27,802	125,873	-	-	158,571	312,246
Subgrants	-	-	344,158	-	-	-	344,158
Professional Services	-	-	94,216	-	-	16,367	110,583
Insurance	-	2,841	26,622	-	-	13,593	43,056
Fundraising	-	-	-	-	-	48,050	48,050
Office Expenses	-	-	9,895	-	-	30,382	40,277
Library Expense	-	-	32,423	-	-	2,954	35,377
Communications, printing and media	-	-	22,130	-	-	7,280	29,410
Dues and Conference Fees	-	-	13,253	442	-	6,077	19,772
Depreciation and Amortization	-	-	7,082	-	-	20,810	27,892
Staff Training	-	-	15,127	-	-	8,123	23,250
Travel	-	-	5,813	131	-	6,750	12,694
Bad Debt Expense	-	-	-	-	-	17,500	17,500
Litigation Expense	-	-	7,647	-	182	493	8,322
Direct Client Expenses	-	-	-	-	-	9,377	9,377
Other Expenses	-	-	-	-	-	4,989	4,989
Equipment Rental and Maintenance	-	-	-	-	-	1,222	1,222
Meeting Expense	-	-	-	-	-	15	15
Total expenses	\$ 60,154	\$ 76,779	\$ 3,590,355	\$ 162,611	\$ 34,139	\$ 1,523,424	\$ 5,447,462

**NEIGHBORHOOD LEGAL SERVICES PROGRAM
OF THE DISTRICT OF COLUMBIA**

**SCHEDULE OF SUPPORT, REVENUE AND EXPENSES, OTHER FUNDING
Year Ended December 31, 2024**

	Other Funding						Total
	CFSA	DHCD HCPI	DC Bar Foundation	Westwood	Equal Justice America	Other Income	
Revenue, support and gains							
Government grants	\$ 150,000	\$ 112,128	\$ -	\$ -	\$ -	\$ -	\$ 262,128
Other grants and contributions	-	-	3,762,233	125,000	73,523	663,399	4,624,155
Program service fees	-	-	-	-	-	1,215	1,215
Net investment income	-	-	-	-	-	170,116	170,116
Total revenue, support, and gains	150,000	112,128	3,762,233	125,000	73,523	834,730	5,057,614
Expenses							
Salaries:							
Lawyers	112,730	43,360	1,585,081	87,013	68,298	45,919	1,942,401
Support Staff	2,769	20,482	603,136	17,974	-	378,888	1,023,249
Payroll taxes	8,836	4,884	167,399	6,656	5,225	33,853	226,853
Employee benefits	17,729	7,880	363,655	13,357	-	18,973	421,594
Space and Occupancy	15,453	131	311,694	-	-	456	327,734
Contract Services	3,367	29,900	91,436	-	-	184,593	309,296
Subgrants	-	-	188,968	-	-	-	188,968
Professional Services	-	-	91,519	-	-	17,213	108,732
Insurance	-	5,491	33,816	-	-	1	39,308
Fundraising	-	-	-	-	-	91,778	91,778
Office Expenses	4,563	-	51,719	-	-	4,243	60,525
Library Expense	-	-	41,116	-	-	-	41,116
Communications, printing and media	4,509	-	35,767	-	-	1,799	42,075
Dues and Conference Fees	-	-	23,371	-	-	2,258	25,629
Depreciation and Amortization	-	-	-	-	-	37,759	37,759
Staff Training	-	-	42,120	-	-	-	42,120
Travel	-	-	15,031	-	-	2,711	17,742
Bad Debt Expense	-	-	-	-	-	-	-
Litigation Expense	-	-	6,959	-	-	1	6,960
Direct Client Expenses	6,092	-	-	-	-	-	6,092
Other Expenses	-	-	-	-	-	809	809
Equipment Rental and Maintenance	-	-	-	-	-	-	-
Meeting Expense	-	-	-	-	-	544	544
Total expenses	\$ 176,048	\$ 112,128	\$ 3,652,787	\$ 125,000	\$ 73,523	\$ 821,798	\$ 4,961,284

COMPLIANCE SECTION

**NEIGHBORHOOD LEGAL SERVICES PROGRAM
OF THE DISTRICT OF COLUMBIA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2025**

Federal Grantor/ Pass-through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Agency Pass-through Identifying Number	Amounts Provided to Subrecipients	Total Federal Expenditures
LEGAL SERVICES CORPORATION				
<u>Direct payments:</u>				
Basic field grant	9.309080	N/A	\$ -	\$ 1,079,960
Technology initiative grant	9.309080	N/A	-	80,519
Technology initiative grant	9.309080	N/A	-	24,230
Technology initiative grant	9.309080	N/A	-	<u>26,000</u>
Total Legal Services Corporation				<u>1,210,709</u>
DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT				
<u>Pass-through payments:</u>				
<u>Community Development Block Grant Cluster Entitlement/Special Purpose Grants</u>				
The District of Columbia Department of Housing and Community Development				
Community Development Block Grant	14.218	2022-13	-	58,781
Community Development Block Grant	14.218	2025-11	-	<u>22,224</u>
Total Community Development Block Grant Entitlement Cluster				<u>81,005</u>
Total Department of Housing and Community Development				<u>81,005</u>
Total of Expenditures of Federal Awards				<u>\$ 1,291,714</u>

**NEIGHBORHOOD LEGAL SERVICES PROGRAM
OF THE DISTRICT OF COLUMBIA**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2025**

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant activity of the Neighborhood Legal Services Program of the District of Columbia (the Organization) under programs of the federal government for the year ended December 31, 2025. The information in this schedule is presented in accordance with the requirements 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). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Indirect Cost Rate

The Organization has not elected to use the 15-percent de minimis indirect cost rate allowed under the Uniform Guidance.



**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors and Management
Neighborhood Legal Services Program of the District of Columbia

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of Neighborhood Legal Services Program of the District of Columbia (the Organization), which comprise the statement of financial position as of December 31, 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 and have issued our report thereon dated April 14, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our audit opinion on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PBMares, LLP

Fairfax, Virginia
April 14, 2026



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE
MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL
CONTROL OVER COMPLIANCE REQUIRED BY
THE UNIFORM GUIDANCE**

To the Board of Directors and Management
Neighborhood Legal Services Program of the District of Columbia

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Neighborhood Legal Services Program of the District of Columbia (the Organization) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the Organization's major federal program for the year ended December 31, 2025. The Organization's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its federal major program for the year ended December 31, 2025.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

PBMares, LLP

Fairfax, Virginia
April 14, 2026

**NEIGHBORHOOD LEGAL SERVICES PROGRAM
OF THE DISTRICT OF COLUMBIA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2025**

SECTION I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: *Unmodified*

Internal control over financial reporting:

Material weakness(es) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Significant deficiency(ies) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None Reported
Noncompliance material to financial statements noted?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Federal Awards

Internal control over major federal program:

Material weakness(es) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Significant deficiency(ies) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None Reported

Type of auditor's report issued on compliance for the major federal program: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with Section CFR 200.516(a)? Yes No

Identification of the major federal program:

Federal Assistance Listing Number(s)	Name of Federal Program or Cluster
9.309080	Legal Services Corporation basic field and technology initiative grants

Dollar threshold used to distinguish between type A and type B programs: \$ 1,000,000

Auditee qualified as low-risk auditee? Yes No

SECTION II. FINANCIAL STATEMENT FINDINGS

No findings or questioned costs noted.

SECTION III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

No findings or questioned costs noted.



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended December 31, 2025

Finding 2024-001: Material weaknesses due to material misstatement:

Criteria: The 2023 audited financial statements were restated due to material errors discovered by the Organization's outsourced accountants during 2024.

Condition: Material errors in accounting records were discovered in 2024 that required restatement of the 2023 financial statements.

Cause: The Organization was not properly tracking and accounting for certain grants and donations and related receivables and refundable advances. The Organization's outsourced accountants identified and corrected these errors in 2024. The errors were not detected through financial oversight processed by management and governance prior to issuing the 2023 financial statements.

Status: Fully corrected.

Corrective action taken: The Organization hired outsourced accountants and implemented new allocation and grant tracking procedures. Receivable and refundable advance schedules are now reviewed regularly. Management is now reviewing GAAP financial statements and grant reports monthly. Financial statements are presented to the board for review on a bimonthly basis, including budget versus actual results.