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PUBLIC JUSTICE CENTER, INC.

FINANCIAL STATEMENTS

JUNE 30, 2023

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Independent Auditor's Report

To the Board of Directors
Public Justice Center, Inc.

Opinion

We have audited the accompanying financial statements of Public Justice Center, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Public Justice Center, Inc. as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Public Justice Center, Inc. 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, Public Justice Center, Inc. adopted Accounting Standards Codification Topic 842, *Leases*, as of July 1, 2022. Our opinion is not modified with respect to this matter.

Correction of Error

As discussed in Note 13 to the financial statements, an error resulting in amounts previously reported as net assets as of July 1, 2022 was discovered by management of the entity during the current year. Accordingly, net assets at the beginning of the year have been restated in the financial statements now presented. Our opinion is not modified with respect to this matter.

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 Public Justice Center, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Independent Auditor's Report (Continued)

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 generally accepted 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 generally accepted 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 Public Justice Center, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Public Justice Center, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Gross, Mendelsohn & Associates, P.A.

Baltimore, Maryland
March 19, 2024

PUBLIC JUSTICE CENTER, INC.
Statement of Financial Position
June 30, 2023

Assets

Current Assets		
Cash and cash equivalents	$ 1,085,470	
Grants receivable	528,361	
Investments	1,829,670	
Prepaid expenses	11,729	
Total Current Assets		$ 3,455,230
Property, net of accumulated depreciation and amortization		85,690
Other Assets		
Operating lease right-of-use assets	1,268,392	
Security deposit	12,642	
Total Other Assets		1,281,034
Total Assets		$ 4,821,954

Liabilities and Net Assets

Current Liabilities		
Accounts payable and accrued expenses	$ 67,683	
Funds held for others	100	
Deferred revenue	37,607	
Current maturities of operating lease liabilities	135,165	
Total Current Liabilities		$ 240,555
Non-Current Liabilities		
Operating lease liabilities, net of current maturities		1,146,902
Total Liabilities		1,387,457
Commitments and Contingencies (Notes 8, 11, and 12)		
Net Assets		
Without donor restrictions		
Undesignated	2,052,668	
Board designated operating and strategic reserves	260,518	
Total Without Donor Restrictions		2,313,186
With donor restrictions		1,121,311
Total Net Assets		3,434,497
Total Liabilities and Net Assets		$ 4,821,954

The accompanying notes are an integral part of this financial statement.

PUBLIC JUSTICE CENTER, INC.
Statement of Activities
Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Private grants	$ 389,098	$ 1,724,976	$ 2,114,074
MLSC grants	924,315	-0-	924,315
Corporate and individual contributions	612,502	-0-	612,502
Attorney fees	416,220	-0-	416,220
Contract service revenue	120,500	-0-	120,500
Net investment return	163,028	-0-	163,028
Gifts-in-kind	22,090	-0-	22,090
Miscellaneous revenue	15,198	-0-	15,198
Net assets released from restrictions:			
Satisfaction of program restrictions	1,821,872	(1,821,872)	-0-
Satisfaction of time restrictions	50,000	(50,000)	-0-
Total Support and Revenue	4,534,823	(146,896)	4,387,927
Expenses			
Program services	3,426,470	-0-	3,426,470
Supporting services			
Management and general	267,071	-0-	267,071
Fundraising	354,561	-0-	354,561
Total Supporting Services	621,632	-0-	621,632
Total Expenses	4,048,102	-0-	4,048,102
Change in Net Assets	486,721	(146,896)	339,825
Net Assets at Beginning of Year, as originally reported	1,843,818	1,410,824	3,254,642
Prior Period Adjustment	(17,353)	(142,617)	(159,970)
Net Assets at Beginning of Year, as restated	1,826,465	1,268,207	3,094,672
Net Assets at End of Year	$ 2,313,186	$ 1,121,311	$ 3,434,497

The accompanying notes are an integral part of this financial statement.

PUBLIC JUSTICE CENTER, INC.
Statement of Functional Expenses
Year Ended June 30, 2023

	Program Services	Management and General	Fundraising	Total
Personnel expenses				
Salaries	$ 1,986,156	$ 150,452	$ 223,684	$ 2,360,292
Payroll taxes	155,616	13,579	20,188	189,383
Other fringe benefits	357,949	28,053	41,708	427,710
Total personnel expenses	2,499,721	192,084	285,580	2,977,385
Professional fees	327,492	14,926	22,192	364,610
Lease expense	151,632	13,168	19,577	184,377
Grant expense	145,701	-0-	-0-	145,701
Travel, conference, and events	83,909	2,915	4,335	91,159
Staff development	56,567	4,500	6,690	67,757
Telephone	27,891	1,365	2,030	31,286
Printing and publications	25,087	2,189	3,255	30,531
Advertising	-0-	28,591	-0-	28,591
Dues and subscriptions	23,490	2,050	3,047	28,587
Insurance	19,535	1,705	2,534	23,774
Depreciation and amortization	14,616	1,275	1,896	17,787
Office supplies	15,731	628	936	17,295
Litigation expense	13,771	-0-	-0-	13,771
Repairs and maintenance	9,068	702	1,043	10,813
Bank fees	7,241	540	803	8,584
Postage and shipping	5,018	433	643	6,094
Total Expenses by Function	$ 3,426,470	$ 267,071	$ 354,561	$ 4,048,102

The accompanying notes are an integral part of this financial statement.

PUBLIC JUSTICE CENTER, INC.
Statement of Cash Flows
Year Ended June 30, 2023

Cash Flows from Operating Activities		
Change in net assets	$ 339,825	
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Realized gains on investments	(68,967)	
Unrealized gains on investments	(67,994)	
Depreciation and amortization	17,787	
Changes in operating assets and liabilities:		
Grants receivable	104,818	
Prepaid expenses	5,074	
Operating lease right-of-use assets	142,818	
Accounts payable and accrued expenses	13,048	
Deferred revenue	(102,331)	
Funds held for others	(1,747)	
Operating lease liabilities	(129,143)	
Net Cash Provided by Operating Activities		$ 253,188
Cash Flows from Investing Activities		
Purchases of investments	(872,765)	
Proceeds from sales of investments	846,697	
Purchases of property	(12,829)	
Net Cash Used in Investing Activities		(38,897)
Net Increase in Cash and Cash Equivalents		214,291
Cash and Cash Equivalents, at Beginning of Year		871,179
Cash and Cash Equivalents, at End of Year		$ 1,085,470
Supplemental Disclosure of Cash Flow Information:		
Operating cash flows paid for operating leases		$ 167,875
Noncash Operating Activities:		
Right-of-use assets and lease liabilities acquired under operating leases		$ 1,411,210

The accompanying notes are an integral part of this financial statement.

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

Public Justice Center, Inc. (the PJC) has been recognized by the Internal Revenue Service (IRS) as a non-profit, tax exempt organization as defined by 501(c)(3) of the Internal Revenue Code (IRC) that is publicly supported and, therefore, is not a private foundation. The PJC was incorporated under the laws of the State of Maryland on September 6, 1985 and uses legal advocacy tools to pursue social justice, economic and race equity, and fundamental human rights for people who are struggling to provide for their basic needs. The PJC is a civil legal aid office that provides advice and representation to low-income clients, advocates before legislatures and government agencies, and collaborates with community and advocacy.

The PJC chooses projects and cases that will make a significant impact on systems, laws, and policies. Current projects include bringing actions on behalf of low-income tenants, low-wage workers, immigrants, homeless and foster students, and families needing health care and benefits; using appellate cases to establish good law in poverty and civil rights cases; and coordinating a national coalition that works to establish a right to counsel for indigent persons in basic human needs civil cases.

The PJC currently serves as a fiscal sponsor to three non-profit organizations. The PJC receives funds on their behalf and submits proceeds, net of a service fee, to their projects. As a fiscal sponsor, the PJC is responsible for ensuring funds received are properly spent to achieve the project's goals.

The accounting and reporting policies of the PJC conform to accounting principles generally accepted in the United States of America. Following is a description of the most significant of those policies:

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and Cash Equivalents: The PJC classifies all investments which are readily convertible to cash (except for investments held by investment custodians) and which have a maturity date of three months or less when purchased as cash and cash equivalents.

Investments: Investments with readily determinable fair values are reported at fair value in the statement of financial position. Investments, whose fair values are not readily determinable, are recorded at cost. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Realized and unrealized gains and losses on investments for the year are reported in the statement of activities as part of net investment return.

Property and Depreciation: Property is recorded at cost or, if donated, at fair value at the date of the gift, less accumulated depreciation. It is the PJC's policy to capitalize all property acquisitions in excess of $1,500 having useful lives of longer than one year. Expenditures for maintenance and routine repairs are charged to expense as incurred; expenditures for improvements and major repairs that materially extend the useful lives of fixed assets are capitalized. Depreciation is computed using the straight-line method and is charged to expense over the estimated useful lives of the assets as follows:

Computer equipment and software	3 - 5 years
Furniture and equipment	5 - 10 years
Leasehold improvements	15 years

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

Net Assets: Net assets, revenue, support, gains and losses are classified based on the existence or absence of donor-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 restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and strategic reserve.

Net Assets with Donor Restrictions: Net assets subject to donor-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.

Revenue Recognition: The PJC derives revenue primarily from contributions, grants, attorney fees, contract service revenue and net investment return. Net investment income is recognized as revenue when earned. Unconditional contributions are recognized in the year the contributions are pledged and/or received. Conditional grants are earned and recognized as revenue without donor restrictions in proportion to the related expenditures incurred or when all conditions of the grant have been substantially met. Grants earned but not yet received are recorded as grants receivable. Grant proceeds received in advance and not yet earned are recorded as deferred revenue.

The PJC generates contract revenue primarily from attorney fees and fee for service contracts with other organizations whereby PJC provides consulting services for peers and partners. Attorney fees are considered exchange transactions and contain one performance obligation which is recognized at a point in time based on delivery of services. Attorney fees are invoiced and collected as incurred. There were no outstanding receivables balances as of June 30, 2023 related to attorney fees. Contract revenue from other organizations is earned as the consulting services are provided to the organizations. Performance obligations are determined based on milestones within the contract. The PJC has primarily one performance obligation which is satisfied over time related to these contracts.

Contributions: Contributions received are recorded without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions.

Recognition of Donor Restrictions: All donor restricted support is reported as an increase in net assets with donor restrictions. Upon the expiration of a temporary restriction, whether a time or purpose restriction, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Gifts-in-Kind: Gifts-in-kind include donated goods and services and are recorded at their estimated fair market value on the date of receipt. Donated services are recognized if the services (a) created or enhance nonfinancial assets or (b) require specialized skills, are performed by individuals with those skills, and would otherwise be purchased by the PJC.

During the year ended June 30, 2023, gifts-in-kind consisted of advertising services of $22,090, which were recorded at their estimated fair value and used in the PJC's management and general services. The gifts-in-kind are included in advertising on the statement functional expenses.

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

Functional Allocation of Expenses: The costs of providing various programs and other support activities have been summarized on a functional basis in the statement of activities and by natural classification in the statement of functional expenses. Costs that can be identified with specific programs or support services are allocated directly. Costs that cannot be specifically identified with a particular function and that benefit more than one functional category are allocated based on estimates such as time and effort.

Advertising: Advertising costs are charged to operations when incurred. The PJC had no significant direct-response advertising. Advertising expense for the year ended June 30, 2023 was $28,591.

Income Taxes: The PJC is exempt from federal and state income taxes under IRC Section 501(c)(3). Income which is not related to exempt purposes, less applicable deductions, is subject to federal and state corporate income taxes. The PJC had no unrelated business income for the year ended June 30, 2023. Accordingly, no provision for income taxes is reflected in this financial statement. The PJC's federal exempt organization tax returns are subject to examination by the IRS, generally for a period of three years after the returns are filed.

Recently Adopted Accounting Standard: The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases* (ASC 842) which was effective for fiscal years beginning after December 15, 2021. The distinction between finance leases and operating leases is substantially similar to the distinction between capital leases and operating leases in the previous guidance for leases. Lessor accounting is also largely unchanged. For lessees, leases under both categories will be reported on the statement of financial position as a depreciable right-of-use (ROU) asset and a related liability to make lease payments. The asset and liability should be initially measured at the present value of the lease payments, including any payments to be made in lease option periods only if the lessee is reasonably certain to exercise an option to extend the lease or not to exercise an option to terminate the lease. The ROU assets will be expensed over the term of the lease and the lease liabilities will be reduced by lease payments. The PJC has adopted the new lease standard effective as of July 1, 2022.

The PJC evaluates each contract and determines if an arrangement contains a lease at the inception of a contract. Variable lease payment amounts that cannot be determined at the commencement of the lease such as increases in lease payments based on changes in index rates or usage are not included in the ROU assets or lease liabilities. These are expensed as incurred. The PJC has elected not to record short-term leases with initial contract terms of 12 months or less on the statement of financial position. The PJC has elected to account for lease components and non-lease components as a single lease component. The PJC has elected to use the risk-free rate to discount the lease payments for all classes of ROU assets.

As part of adoption of the new lease standard, the PJC has elected the following practical expedients: a) the PJC has not reevaluated expiring or existing leases to determine lease classification, b) the PJC has not reevaluated whether expired or existing contracts are or contain a lease, and c) the PJC has not reassessed initial direct costs for an existing lease.

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

Recently Issued Accounting Pronouncement: The FASB issued ASU 2016-13, *Financial Instruments - Credit Losses* (ASC 326) which is effective for fiscal years beginning after December 15, 2022. This ASU requires organizations to measure all expected credit losses for financial instruments held at the reporting date based on historical experience, current conditions and reasonable reportable forecasts. The new guidance affects trade receivables and any other financial asset not excluded from the scope that have the contractual right to receive cash. The PJC has elected not to early adopt this standard and will assess the future impact of credit losses on the financial statements.

Subsequent Events: In preparing these financial statements, the PJC has evaluated events and transactions for the potential recognition or disclosure through March 19, 2024, the date the financial statements were available to be issued. During the period from July 1, 2023 through March 19, 2024, the PJC did not have any material recognizable subsequent events.

Note 2: Liquidity and Availability of Funds

A summary of the financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date comprise the following:

Cash and cash equivalents	$ 1,085,470
Grants receivable	528,361
Investments	1,829,670
Less: Funds held for others	(100)
Less: Net assets with donor restrictions - specific purpose	(1,121,311)
Less: Board designated operating and strategic reserves	(260,518)
Financial Assets Available for General Expenditure	$ 2,061,572

As part of the PJC's liquidity management plan, the PJC invests cash in excess of daily requirements in short-term investments and money market funds. The governing board of the PJC has established reserve funds for future operations and strategic plans (see Note 9). Even though there is no intent of the governing board to remove these designations, they could make these amounts available, as necessary. The amounts designated and not included with the liquidity calculation as of June 30, 2023 was $260,518.

Note 3: Investments

A summary of the investment portfolio is as follows at June 30, 2023:

	Fair Value	Cost
Money market funds	$ 208,193	$ 208,193
Mutual funds, equity	999,589	890,118
Mutual funds, fixed income	621,888	686,869
	$ 1,829,670	$ 1,785,180

Note 3: Investments (Continued)

Net investment return for the year ended June 30, 2023 consisted of the following:

Interest and dividend income	$ 31,565
Realized gains	68,967
Unrealized gains	67,994
Investment fees	(5,498)
	$ 163,028

Note 4: Fair Value Measurement

Generally Accepted Accounting Principles (GAAP) establishes a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy are as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

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;
- 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.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any 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.

The valuation techniques used by the PJC include the following:

Money Market Funds: Valued at original cost, which approximates fair value.

Mutual Funds: Valued at the last sales price reported in the active market in which the individual fund is traded.

In determining the appropriate levels, the PJC performs a detailed analysis of the assets and liabilities that are subject to fair value measurements.

Note 4: Fair Value Measurement (Continued)

The table below presents the balances of assets measured at fair value on a recurring basis by level within the hierarchy, as of June 30, 2023:

	Total	Level 1	Level 2	Level 3
Money market funds	$ 208,193	$ 208,193	$ -0-	$ -0-
Mutual funds, equity	999,589	999,589	-0-	-0-
Mutual funds, fixed income	621,888	621,888	-0-	-0-
	$ 1,829,670	$ 1,829,670	$ -0-	$ -0-

Note 5: Property

Property consisted of the following as of June 30, 2023:

Computer equipment and software	$ 108,137
Furniture and equipment	35,003
Leasehold improvements	68,721
	211,861
Less: Accumulated depreciation	(126,171)
	$ 85,690

Note 6: Leases

Office Lease: The PJC has a non-cancelable lease agreement to lease office space in Baltimore City, Maryland, expiring in October 2031. The basic annual rent is subject to a 2.0% annual escalation clause. The lease also requires the PJC to pay as additional rent its proportionate share of common area maintenance costs. Upon the adoption of ASC 842, the PJC recorded a right-of-use asset of $1,390,544, which is being amortized over the life of the lease and an off-setting lease liability of $1,390,544, effective July 1, 2022.

Equipment Leases: The PJC leases copier equipment under a lease agreement which expires in May 2024. Upon the adoption of ASC 842, PJC recorded a right-of-use asset of $20,666, which is being amortized over the life of the lease and an off-setting lease liability of $20,666, effective July 1, 2022.

While all lease agreements provide for minimum lease payments, some include variable payments which are primarily based on output of the underlying leased assets. Variable payments are not determinable at the lease commencement and not included in the measurement of the right-of-use assets and lease liabilities.

Note 6: Leases (Continued)

The PJC's total lease expense for the year ended June 30, 2023 was as follows:

Fixed lease costs - office	$ 170,487
Fixed lease costs - equipment	11,064
Short-term lease costs	1,512
Variable lease costs - office	1,237
Variable lease costs - equipment	77
	$ 184,377

As of June 30, 2023, the right-of-use assets and operating liabilities related to operating leases were as follows:

Operating lease right-of-use assets	$ 1,268,392
Operating lease liabilities:	
Current maturities of operating lease liabilities	$ 135,165
Operating lease liabilities, net of current maturities	1,146,902
Total Operating lease liabilities	$ 1,282,067

Other operating lease details are as follows:

Weighted average remaining lease term in years	8.28
Weighted average discount rate	2.89%

As of June 30, 2023, future minimum lease payments under operating leases are as follows:

Year ending June 30,	
2024	$ 170,069
2025	163,098
2026	166,405
2027	169,713
2028	173,102
Thereafter	602,154
Total	1,444,541
Less: Amount representing interest (2.83% - 2.89%)	(162,474)
Present value of future minimum lease payments	$ 1,282,067

Note 7: Funds Held for Others

During the year ended June 30, 2023, the PJC collected a total of $317,875 on behalf of other charitable organizations. Funds collected on behalf of others that remained undisbursed were $100 as of June 30, 2023.

Note 8: Line of Credit

The PJC has a line of credit agreement with a bank in the amount of $500,000. The line of credit bears interest at the bank's prime rate plus 3% (11.25% for the year ended June 30, 2023). Interest is payable in arrears. The line of credit is a revolving note that can be renewed annually on its anniversary and currently expires in August 2024. The PJC had no outstanding balance on the line of the credit during the year ended June 30, 2023 and therefore did not incur any interest expense on the line of credit.

Note 9: Net Assets

Net Assets without Donor Restrictions:

Undesignated net assets without donor restrictions: Consists of the resources and obligations related to the daily operations of the PJC.

Board designated net assets without donor restrictions:

Operating Reserve - The operating reserve consists of resources designated by the Board to be set aside to permit the continuation of normal operations while implementing a planned response to unanticipated reductions in revenue in response to economic conditions or an increase in expenses. Distributions from this reserve must be approved the Board.

Strategic Reserve - The strategic reserve consists of resources designated by the Board to be set aside to ensure prompt and effective response to unanticipated and unbudgeted needs for cash to address an emergent situation which compels action. Distributions from this reserve must be approved the Board.

Board designated net assets without donor restrictions consisted of the following at June 30, 2023:

Operating reserve fund	$ 158,117
Stategic reserve fund	102,401
	$ 260,518

Net Assets with Donor Restrictions:

The PJC has several restricted funds, which may be expended but only for the purpose established by the respective donors.

Note 9: Net Assets (Continued)

Net assets with donor restrictions were available for the following purposes as of June 30, 2023:

	July 1, 2022 Restated	Current Activity: Contributions	Current Activity: Released from Restrictions	2023
Subject to expenditure for specified purpose:				
Fiscal sponsors				
Organizing Black	$ 433,877	$ 387,033	$ (527,922)	$ 292,988
Village of Love and Resistance	-0-	165,701	(11,665)	154,036
Baltimore Black Worker Center	228,667	1,846	(180,451)	50,062
	662,544	554,580	(720,038)	497,086
Health and benefits equity project	25,000	365,000	(119,981)	270,019
National Coalition for a Civil Right to Counsel (NCCRC)	172,521	352,132	(318,711)	205,942
Eviction reduction and healthy housing	150,000	175,000	(237,500)	87,500
Education stability project	124,342	-0-	(108,257)	16,085
Fellowships	17,782	106,001	(107,881)	15,902
Website - National Coalition for a Civil Right to Counsel (NCCRC)	7,500	-0-	-0-	7,500
Appeal bond fund	6,202	-0-	-0-	6,202
Eviction prevention study	-0-	5,000	-0-	5,000
Human right to housing project	45,316	47,618	(92,934)	-0-
Legal services	-0-	75,845	(75,845)	-0-
Racial equity professional development	-0-	5,000	(5,000)	-0-
Miscellaneous	7,000	38,800	(35,725)	10,075
	1,218,207	1,724,976	(1,821,872)	1,121,311
Subject to passage of time:				
Time restrictions	50,000	-0-	(50,000)	-0-
	$ 1,268,207	$ 1,724,976	$ (1,871,872)	$ 1,121,311

Note 10: Conditional Promises to Give

The PJC has received numerous conditional grants from grantor agencies aggregating to $1,275,292, which can only be earned by incurring certain qualifying expenses or providing certain services under the grant programs. As of June 30, 2023, PJC has earned $1,129,087 of these grants which have been recognized as revenue during the years ended prior to June 30, 2023. The outstanding balances of these conditional grants was $37,607 as of June 30, 2023, which will be recognized as revenue when all conditions of the grant have been met.

Note 11: Employee Retirement Plan

The PJC maintains a retirement plan under IRC Section 403(b) for its employees. Employees who meet the eligibility requirements as defined in the plan document may participate in the plan. Under the terms of the plan, participating employees may elect to contribute pre-tax dollars up to the maximum limit established by the IRS for each calendar year. The PJC may make discretionary contributions to the plan. The PJC did not make contributions to the plan during the year ended June 30, 2023.

Note 12: Other Matters

Uninsured Balances: The PJC maintains its cash balances at various financial institutions. Periodically during the year, The PJC's cash balances may exceed federally insured limits. The PJC has not experienced any losses in such accounts and believes it is not exposed to significant risk on cash balances.

Investment Risk: The PJC invests in a professionally managed portfolio that may contain mutual funds, money market funds and other investments. Such investments are exposed to various risks such as interest rate, market, and credit. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term could materially affect investment balances and the amounts reported in the financial statements.

Program Support and Revenue: The PJC received a significant portion of its revenue in the form of grants and contributions. Final determination of allowable costs is subject to audit or review by representatives or agents of the appropriate grantor. PJC relies on the continued receipt of grants and contributions in order to provide ongoing programs.

Maryland Legal Services Corporation Grants: For the year ended June 30, 2023, the PJC received approximately 21% of its revenue from grants from the Maryland Legal Services Corporation (MLSC). The agreements covering the MSLC grants stipulate that, in the event the PJC ceases operations or changes its organizational purpose, the title to any property acquired with MLSC funds will revert to MLSC.

Grant revenue from MLSC was as follows for the year ended June 30, 2023:

Eviction prevention	$ 456,522
General operating	280,541
Eviction prevention - CDBG	156,759
Foreclosure	22,935
Training (one-time)	7,558
	$ 924,315

Pro-Bono Legal Services: As described in Note 1, the PJC's mission is to build a just society by using legal advocacy tools to pursue social justice, economic and race equity, and fundamental human rights for people who are struggling to provide for their basic needs. The PJC connects these individuals with volunteer lawyers and community partners to provide legal assistance. The estimated value of pro-bono legal services was approximately $1,654,000 for the year ended June 30, 2023 and is valued based on number of hours served to the PJC times the applicable billing rate of the attorneys, paralegals, or others who provided service.

Note 13: Prior Period Adjustment

The net assets as of July 1, 2022 have been restated to reflect corrections related to the recognition of conditional and reimbursable grants. A prior period adjustment was recorded to reduce net assets in the amount of $159,970.

The restatement had no effect on the statement of financial position as of June 30, 2023 or on the statements of functional expenses and cash flows for the year ended June 30, 2023.

GROSS MENDELSOHN

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