

**CENTER FOR FAMILY REPRESENTATION, INC.**

Financial Statements  
with Independent Auditor's Report

December 31, 2024 and 2023

**GALLEROS ROBINSON  
CERTIFIED PUBLIC ACCOUNTANTS, LLP**

**CENTER FOR FAMILY REPRESENTATION, INC.**

**DECEMBER 31, 2024 AND 2023**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Center for Family Representation, Inc.

### Opinion

We have audited the accompanying financial statements of Center for Family Representation, Inc. ("CFR"), which comprise the statements of financial position as of December 31, 2024 and 2023, and 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 referred to above present fairly, in all material respects, the financial position of CFR as of December 31, 2024 and 2023, 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. 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 CFR and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 CFR's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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 CFR'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 CFR'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.

**Galleras Robinson CPAs, LLP**

New York, New York  
May 30, 2025

**CENTER FOR FAMILY REPRESENTATION, INC.**

**STATEMENTS OF FINANCIAL POSITION**

**DECEMBER 31, 2024 AND 2023**

	<b>2024</b>	<b>2023</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 596,409	\$ 704,497
Investments	7,680,273	5,146,845
Accounts receivable	4,238,871	7,366,947
Contributions receivable, net	17,200	113,153
Prepaid expenses	144,842	50,116
Property and equipment, net	526,099	632,743
Operating lease right-of-use assets	10,780,555	11,818,846
Security deposits	<u>352,500</u>	<u>244,600</u>
Total Assets	<u>\$ 24,336,749</u>	<u>\$ 26,077,747</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 1,139,850	\$ 899,674
Operating lease liabilities	11,390,477	12,435,879
Refundable advances	<u>3,020,896</u>	<u>4,198,458</u>
Total liabilities	<u>15,551,223</u>	<u>17,534,011</u>
<b>Net Assets</b>		
Without donor restrictions	8,466,047	8,329,085
With donor restrictions	<u>319,479</u>	<u>214,651</u>
Total net assets	<u>8,785,526</u>	<u>8,543,736</u>
Total Liabilities and Net Assets	<u>\$ 24,336,749</u>	<u>\$ 26,077,747</u>

CENTER FOR FAMILY REPRESENTATION, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE</b>						
Contributions						
Foundations	\$ 422,290	\$ 305,000	\$ 727,290	\$ 169,882	\$ 410,000	\$ 579,882
In-kind	912,536	-	912,536	87,560	-	87,560
Others	37,797	-	37,797	76,317	20,000	96,317
Special events (net of related expenses of \$72,277 in 2024 and \$168,535 in 2023)	323,913	-	323,913	323,407	-	323,407
Government contracts	22,322,771	-	22,322,771	19,346,447	10,000	19,356,447
Training revenue	1,600	-	1,600	8,372	-	8,372
Investment income	261,744	-	261,744	117,130	-	117,130
Other income	301	-	301	35,175	-	35,175
Net assets released from restrictions	200,172	(200,172)	-	560,349	(560,349)	-
 Total Support and Revenue	 24,483,124	 104,828	 24,587,952	 20,724,639	 (120,349)	 20,604,290
<b>EXPENSES</b>						
Program services	20,411,250	-	20,411,250	17,952,676	-	17,952,676
Management and general	3,471,882	-	3,471,882	2,372,671	-	2,372,671
Fundraising and development	463,030	-	463,030	367,747	-	367,747
 Total Expenses	 24,346,162	 -	 24,346,162	 20,693,094	 -	 20,693,094
 <b>CHANGE IN NET ASSETS</b>	 136,962	 104,828	 241,790	 31,545	 (120,349)	 (88,804)
 <b>NET ASSETS, BEGINNING OF YEAR</b>	 8,329,085	 214,651	 8,543,736	 8,297,540	 335,000	 8,632,540
 <b>NET ASSETS, END OF YEAR</b>	 \$ 8,466,047	 \$ 319,479	 \$ 8,785,526	 \$ 8,329,085	 \$ 214,651	 \$ 8,543,736

See notes to financial statements.

CENTER FOR FAMILY REPRESENTATION, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024				2023			
	Program Services	Management and General	Fundraising and Development	Total	Program Services	Management and General	Fundraising and Development	Total
Salaries	\$ 13,468,594	\$ 1,755,740	\$ 273,345	\$ 15,497,679	\$ 11,995,293	\$ 1,236,173	\$ 214,297	\$ 13,445,763
Payroll taxes and benefits	3,266,350	388,794	56,495	3,711,639	2,655,657	293,807	47,579	2,997,043
Total salaries and related costs	16,734,944	2,144,534	329,840	19,209,318	14,650,950	1,529,980	261,876	16,442,806
Occupancy	1,444,692	32,827	21,365	1,498,884	1,210,261	207,855	22,029	1,440,145
In-kind professional fees	321,413	591,123	-	912,536	-	87,560	-	87,560
Equipment and maintenance	794,115	13,044	1,101	808,260	1,026,280	27,872	1,612	1,055,764
Professional fees	235,547	505,918	59,810	801,275	157,775	389,858	30,736	578,369
Case related expenses	307,893	5,739	-	313,632	305,265	2,733	-	307,998
Telephone and communications	246,764	23,009	4,434	274,207	293,260	5,674	3,986	302,920
Depreciation	94,512	10,208	1,924	106,644	88,624	22,006	1,302	111,932
Fundraising	-	-	101,605	101,605	-	-	204,666	204,666
Insurance	49,162	44,711	-	93,873	45,123	39,300	-	84,423
Research services and publications	65,355	485	958	66,798	56,450	220	-	56,670
Travel and conferences	46,438	16,722	3,159	66,319	48,207	5,496	2,950	56,653
Recruitment	-	39,468	4,126	43,594	-	16,380	-	16,380
Office supplies and expenses	32,560	2,352	58	34,970	27,601	829	596	29,026
Registration fees	9,714	750	-	10,464	13,424	4,129	-	17,553
Bad debts	-	10,000	-	10,000	-	2,893	-	2,893
Bank fees	-	3,265	6,287	9,552	-	3,450	6,186	9,636
Others	28,141	27,727	640	56,508	29,456	26,436	343	56,235
	20,411,250	3,471,882	535,307	24,418,439	17,952,676	2,372,671	536,282	20,861,629
Less: Expenses deducted directly from support and revenue on the statements of activities	-	-	(72,277)	(72,277)	-	-	(168,535)	(168,535)
Total Expenses	\$ 20,411,250	\$ 3,471,882	\$ 463,030	\$ 24,346,162	\$ 17,952,676	\$ 2,372,671	\$ 367,747	\$ 20,693,094

**CENTER FOR FAMILY REPRESENTATION, INC.**

**STATEMENTS OF CASH FLOWS**

**YEARS ENDED DECEMBER 31, 2024 AND 2023**

	<b>2024</b>	<b>2023</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 241,790	\$ (88,804)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	106,644	111,932
Bad debts	10,000	2,893
Noncash lease expense	(7,111)	107,379
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable	3,128,076	1,104,017
Contributions receivable, net	85,953	56,197
Prepaid expenses	(94,726)	88,738
Security deposits	(107,900)	(45,000)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	240,176	205,116
Refundable advances	(1,177,562)	3,914,591
Net cash from operating activities	<u>2,425,340</u>	<u>5,457,059</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of investments	(14,575,744)	(4,317,133)
Proceeds from sales of investments	12,042,316	2,000,000
Acquisitions of property and equipment	-	(17,953)
Net cash used for investing activities	<u>(2,533,428)</u>	<u>(2,335,086)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from loans	847,700	-
Repayment of loans payable	(847,700)	(3,591,324)
Net cash used for financing activities	<u>-</u>	<u>(3,591,324)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(108,088)	(469,351)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>704,497</u>	<u>1,173,848</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 596,409</u>	<u>\$ 704,497</u>

**SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:**

No taxes or interest were paid during the years ended December 31, 2024 and 2023.



# **CENTER FOR FAMILY REPRESENTATION, INC.**

## **NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2024 AND 2023**

### **1. ORGANIZATION AND NATURE OF ACTIVITIES**

The Center for Family Representation, Inc. ("CFR") was founded in May 2002. CFR's mission is to support parents whose children are at risk of foster care and youth who are at risk of incarceration. CFR's clients are primarily Black and Brown and challenged by poverty and structural racism. The CFR model provides parents and youth with free legal representation and social work support and employs system-impacted parents to further support clients. CFR also provides holistic, wrap-around representation in criminal defense matters, immigration matters, housing and public benefits matters, and for parents seeking to improve employment opportunities by amending their state records. In 2019, CFR expanded to begin providing 'Early Defense' services, advocating for parents facing a family policing investigation. Additionally, in late 2018, New York State ("NYS") invited us to pilot our model of advocacy with youth and subsequently NYS awarded us a multi-year contract to represent youth in Manhattan, Queens, and Bronx family courts.

CFR is organized under the Not-for-Profit Corporation Law of the State of New York and has been granted exemption from federal income tax pursuant to Section 501(c)(3) of the Internal Revenue Code. CFR receives its principal revenue from government contracts and contributions.

### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### ***Basis of Accounting and Presentation***

The financial statements of CFR have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which require CFR to report information regarding its financial position and activities according to the following net asset classifications:

*Net assets without donor restrictions.* Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of CFR. These net assets may be used at the discretion of CFR's management and the board of directors.

*Net assets with donor restrictions.* Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of CFR or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

## CENTER FOR FAMILY REPRESENTATION, INC.

### NOTES TO FINANCIAL STATEMENTS - CONTINUED

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

### *Use of Estimates*

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### *Cash and Cash Equivalents*

Cash and cash equivalents include all cash balances and highly liquid investments with an original maturity of three months or less when acquired, except for cash and cash equivalents included in investments.

### *Investments*

Investments are stated at fair value based on quoted market prices. Gains and losses on the sale of investments and investment income are recognized as increases and decreases in net assets without donor restrictions unless their use is restricted by donor stipulations.

### *Fair Value Measurements*

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset or liability. U.S. GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). CFR groups assets at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

Level 1 Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.

Level 2 Other observable inputs, either directly or indirectly, including:

- Quoted prices for similar assets/liabilities in active markets;
- Quoted prices for identical or similar assets in non-active markets;
- Inputs other than quoted prices that are observable for the asset/liability; and,
- Inputs that are derived principally from or corroborated by other observable market data.

Level 3 Unobservable inputs that cannot be corroborated by observable market data.

Refer to Note 4 - Investments and Fair Value Measurements for assets measured at fair value.

CENTER FOR FAMILY REPRESENTATION, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

**Contributions**

Contributions are provided to CFR either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts with or without donor restrictions. Unconditional contributions, including promises to give cash and other assets, are reported at fair value at the date the contribution is received. The value recorded for each contribution is recognized as follows:

Nature of the Gift	Value Recognized
<i>Conditional gifts and grants, with or without restrictions</i>	
Gifts and grants that depend on CFR overcoming a donor-imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, i.e., the donor-imposed barrier is met
<i>Unconditional gifts and grants, with or without restrictions</i>	
Received at date of gift - cash and other assets	Fair value
Received at date of gift - property, equipment and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Expected to be collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level yield method.

When a donor stipulated time restriction ends or purpose restriction is accomplished, 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. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment and other long-lived assets are reported when those assets are placed in service. Purpose restricted contributions that originate in a given year and are released from restriction in the same year by meeting the donors' restricted purposes are reflected in net assets without donor restrictions. Gifts and investment income that are originally restricted by the donor and for which the restriction is met in the same time period are recorded as revenue with donor restrictions and then released from restriction.

## CENTER FOR FAMILY REPRESENTATION, INC.

### NOTES TO FINANCIAL STATEMENTS - CONTINUED

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

##### ***Accounts Receivable, Revenues and Refundable Advances***

CFR records receivables and revenue from government contracts in the period that services are performed. Refundable advances consist of amounts received from government funding sources toward future services.

##### ***Contributions Receivable***

Contributions receivable consists of unconditional promises to give and are recognized as revenue in the year the promise is received. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows.

##### ***Allowance for Doubtful Accounts***

CFR carries its contributions receivable net of an allowance for doubtful accounts. CFR estimates the allowance based upon a review of outstanding receivables and historical collection information by customer. Receivables are written off when they are deemed to be uncollectible. The receivables written off for the years ended December 31, 2024 and 2023 are \$0 and \$2,893, respectively.

The allowance estimate is derived from a review of CFR's historical losses based on the aging of receivables. Factors used to determine whether an allowance should be recorded include management's assessment of the creditworthiness of its debtors, the age of the receivables, a review of payments subsequent to year-end as well as current economic conditions and historical information. The allowance for doubtful accounts as of December 31, 2024 and 2023 amounted to \$10,000 and \$0, respectively.

CFR does not accrue interest on past due receivables.

##### ***Property and Equipment***

Property and equipment are stated at cost, less accumulated depreciation. Maintenance and repair costs are charged to expense as incurred, and cost of renewals and improvements are capitalized. CFR capitalizes property and equipment with a useful life of two years or more and cost of \$10,000 or more.

Depreciation are provided utilizing the straight-line method over the estimated useful lives of the respective assets as follows:

	<u>Estimated Useful Lives</u>
Leasehold improvements	10 - 15 years
Furniture and fixtures	5 years
Equipment	3 - 10 years

Leasehold improvements are amortized over the shorter of the estimated useful life of the improvement or the remaining term of the lease.

**CENTER FOR FAMILY REPRESENTATION, INC.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

***Operating Lease Right-of-Use Assets***

Right-of-Use ("ROU") assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, plus ancillary charges necessary to place the lease into service.

Subsequently, the operating lease ROU assets would be measured as the lease liability adjusted by (1) accrued or prepaid rents (i.e., the aggregate difference between the cash payment and straight-line lease cost), (2) remaining unamortized initial direct costs and lease incentives, and (3) impairments of the ROU asset.

***Operating Lease Liabilities***

Operating lease liabilities are measured at the present value of payments expected to be made during the lease term (less any lease incentives).

***Donated Services***

Donated services are recorded at the estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated services to a specific purpose. Contributions of services are recognized if the services received create or enhance non-financial assets, or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

***Accounting for Uncertainty in Income Taxes***

CFR recognizes the effect of income tax positions only if those positions are more-likely-than-not be sustained upon examination by taxing authorities. Management has determined that the CFR had no uncertain tax positions that would require financial statement recognition. CFR is no longer subject to audits by the applicable taxing jurisdictions for periods prior to 2021. Currently, there are no audits in progress.

***Functional Allocation of Expenses***

The costs of providing programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis.

## CENTER FOR FAMILY REPRESENTATION, INC.

### NOTES TO FINANCIAL STATEMENTS - CONTINUED

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

##### *Functional Allocation of Expenses - Continued*

The expenses that are allocated include the following:

Expenses	Method of Allocation
Salaries	Time and effort
Payroll taxes and benefits	
Professional fees	
Occupancy	Based on direct usage for tangible items, time and effort for labor and services and rate per square footage for use of office space
Equipment and maintenance	
Case related expenses	
Telephone and communications	
Depreciation	
Insurance	
Research services and publications	
Travel and conferences	
Recruitment	
Office supplies and expenses	
Registration fees	
Other expenses	

##### *Reclassifications*

Certain prior year amounts have been reclassified to conform to the current year presentation.

##### *Subsequent Events*

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through May 30, 2025, which is the date that the financial statements were available to be issued.

#### 3. FINANCIAL ASSETS AND LIQUIDITY RESOURCES

CFR typically receives advances on its largest government contract, and thereafter receives contract payments monthly, thereby providing a steady inflow of funds during the year. CFR's expenditures are not subject to significant seasonal fluctuations.

CFR manages its liquidity by operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs. To achieve these targets, management forecasts its future cash flows and monitors its liquidity monthly. CFR maintains a line of credit (see Note 8) and also is permitted to obtain loans from The Fund for The City of New York in the event that there are delays in contract registrations on some of its government contracts. During the year ended December 31, 2024, CFR received a loan of \$847,700. The loan was repaid prior to December 31, 2024.

# CENTER FOR FAMILY REPRESENTATION, INC.

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

### 3. FINANCIAL ASSETS AND LIQUIDITY RESOURCES - CONTINUED

As of December 31, 2024 and 2023, financial assets and liquidity resources available within one year for general expenditures, such as operating expenses and purchases of property and equipment, are as follows:

	<b>2024</b>	<b>2023</b>
Cash and cash equivalents	\$ 596,409	\$ 704,497
Investments	7,680,273	5,146,845
Accounts receivable	4,238,871	7,366,947
Contributions receivable, net	<u>17,200</u>	<u>113,153</u>
	12,532,753	13,331,442
Less: Net assets with donor restrictions	<u>(319,479)</u>	<u>(214,651)</u>
Financial assets available to meet cash needs		
for general expenditures within one year	<u>\$ 12,213,274</u>	<u>\$ 13,116,791</u>

### 4. INVESTMENTS AND FAIR VALUE MEASUREMENTS

The following is a description of the valuation methodologies used for assets measured at fair value.

The money market fund is valued at the quoted net asset value ("NAV") of shares held by CFR at year end.

U.S. Treasury securities are valued using quoted market prices obtained from active market makers and inter-dealer brokers.

#### ***Items Measured at Fair Value on a Recurring Basis***

The following table presents CFR's assets that are measured at fair value on a recurring basis at December 31:

	<b>2024</b>		<b>2023</b>	
	<b>Level 1</b>	<b>Total</b>	<b>Level 1</b>	<b>Total</b>
Cash and cash equivalents	\$ 291,003	\$ 291,003	\$ -	\$ -
Money market fund	7,389,270	7,389,270	685,010	685,010
U.S. Treasuries	<u>-</u>	<u>-</u>	<u>4,461,835</u>	<u>4,461,835</u>
	<u>\$ 7,680,273</u>	<u>\$ 7,680,273</u>	<u>\$ 5,146,845</u>	<u>\$ 5,146,845</u>

**CENTER FOR FAMILY REPRESENTATION, INC.****NOTES TO FINANCIAL STATEMENTS - CONTINUED****4. INVESTMENTS AND FAIR VALUE MEASUREMENTS - CONTINUED**

Investment income consists of the following for the years ended December 31:

	<b>2024</b>	<b>2023</b>
Interest and dividends	\$ 223,578	\$ 927
Realized gains on investments	38,166	98,657
Unrealized gains on investments	-	17,549
Investment fees	-	(3)
	<u>\$ 261,744</u>	<u>\$ 117,130</u>

**5. ACCOUNTS RECEIVABLE**

Accounts receivable consists of the following as of December 31:

	<b>2024</b>	<b>2023</b>
New York City ("NYC") Mayor's Office of Criminal Justice ("MOCJ")	\$ 1,795,505	\$ 5,953,994
NYC Council	1,212,320	719,297
NYS Office of Court Administration	891,407	508,552
NYS Division of Criminal Justice Services	209,232	77,951
NYS Office of Children and Family Services	38,900	41,700
NYS Interest on Lawyer Account Fund	37,500	31,250
NYS Senate	30,873	31,221
Others	23,134	2,982
	<u>\$ 4,238,871</u>	<u>\$ 7,366,947</u>

**6. CONTRIBUTIONS RECEIVABLE, NET**

Contributions receivable, net consists of the following as of December 31:

	<b>2024</b>	<b>2023</b>
Unconditional promises to be collected in:		
Less than a year	\$ 27,200	\$ 113,153
Allowance for doubtful accounts	(10,000)	-
	<u>\$ 17,200</u>	<u>\$ 113,153</u>



## CENTER FOR FAMILY REPRESENTATION, INC.

### NOTES TO FINANCIAL STATEMENTS - CONTINUED

#### 7. PROPERTY AND EQUIPMENT, NET

Property and equipment, net consists of the following as of December 31:

	<b>2024</b>	<b>2023</b>
Leasehold improvements	\$ 1,049,572	\$ 1,049,572
Furniture and fixtures	201,608	201,608
Equipment	101,066	101,066
	<u>1,352,246</u>	<u>1,352,246</u>
Less: Accumulated depreciation	<u>826,147</u>	<u>719,503</u>
	<u>\$ 526,099</u>	<u>\$ 632,743</u>

Depreciation expense for the years ended December 31, 2024 and 2023 were \$106,644 and \$111,932, respectively. In 2023, CFR wrote off fully depreciated property and equipment not in use amounting to \$49,423.

#### 8. LINE OF CREDIT

On February 16, 2022, CFR obtained a line of credit with a borrowing limit of \$2,000,000. The line of credit has now been renewed twice and is now set to mature on or before September 5, 2025. Borrowings are subject to interest at the bank's adjusted Secured Overnight Financing Rate ("SOFR") plus 5.181%. As of December 31, 2024 and 2023, the credit line was not utilized.

#### 9. OPERATING LEASES

CFR leases four (4) office spaces under operating leases that will expire on various dates (including extension) through August 2036. The lease agreements have a renewal option for another five years.

CFR also entered into a new lease agreement for an office space that is set to commence on May 1, 2025. Security deposit on the lease amounted to \$95,000 at December 31, 2024.

The four (4) leases mentioned above are the only leases required to be included on the statements of financial position under FASB ASC 842. CFR has elected to apply the short-term lease exception to all leases with a term of one year or less.

## CENTER FOR FAMILY REPRESENTATION, INC.

### NOTES TO FINANCIAL STATEMENTS - CONTINUED

#### 9. OPERATING LEASES - CONTINUED

As of December 31, 2024, the balance of operating lease ROU assets and operating lease liabilities as shown in the statements of financial position are \$10,780,555 and \$11,390,477, respectively. As of December 31, 2023, the balance of ROU assets and operating lease liabilities as shown in the statements of financial position are \$11,818,846 and \$12,435,879, respectively. The lease assets and liabilities were calculated utilizing discount rates ranging from 1.52% to 5.17%, according to CFR's elected policy. The renewal option was considered when assessing the value of the ROU assets and operating lease liabilities because CFR is reasonably certain that it will exercise its option to renew the lease.

Security deposits on operating leases amounted to \$347,000 and \$239,100 at December 31, 2024 and 2023, respectively.

Occupancy expenses consist of the following as of December 31:

	<u>2024</u>	<u>2023</u>
Operating lease expense	\$ 1,278,283	\$ 1,221,841
Short-term lease expense and other related costs	<u>220,601</u>	<u>218,304</u>
	<u>\$ 1,498,884</u>	<u>\$ 1,440,145</u>

Future minimum annual rental commitments under noncancellable rental lease obligations are as follows:

Years ending December 31:

2025	\$ 1,050,340
2026	1,075,478
2027	1,116,859
2028	1,139,300
2029	1,162,235
Thereafter	<u>7,348,852</u>
Total	12,893,064
Less amount representing interest	<u>(1,502,587)</u>
Present value of operating lease liabilities	<u>\$ 11,390,477</u>

**CENTER FOR FAMILY REPRESENTATION, INC.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**10. NET ASSETS WITH DONOR RESTRICTIONS**

Activity for net assets with donor restrictions during the years ended December 31, 2024 and 2023 are as follows:

Year Ended December 31, 2024					
Restriction	Restricted Purpose	Beginning Balance	Support and Revenue	Released from Restrictions	Ending Balance
Purpose	Parent Advocate Support	\$ 80,000	\$ 80,000	\$ (80,000)	\$ 80,000
Purpose	Youth Defense	-	150,000	-	150,000
Purpose	Client Emergency Fund	19,651	-	(5,172)	14,479
Purpose	Coronavirus Recovery	30,000	-	(30,000)	-
Time and purpose	Legal Defense to Prevent Evictions	75,000	75,000	(75,000)	75,000
Time and purpose	Technology	10,000	-	(10,000)	-
Total		<u>\$ 214,651</u>	<u>\$ 305,000</u>	<u>\$ (200,172)</u>	<u>\$ 319,479</u>

Year Ended December 31, 2023					
Restriction	Restricted Purpose	Beginning Balance	Support and Revenue	Released from Restrictions	Ending Balance
Purpose	Parent Advocate Support	\$ 80,000	\$ 80,000	\$ (80,000)	\$ 80,000
Purpose	Coronavirus Recovery	30,000	30,000	(30,000)	30,000
Purpose	Client Emergency Fund	-	20,000	(349)	19,651
Purpose	Youth Defense	-	150,000	(150,000)	-
Time and purpose	Legal Defense to Prevent Evictions	75,000	150,000	(150,000)	75,000
Time and purpose	Technology	-	10,000	-	10,000
Time	None	150,000	-	(150,000)	-
Total		<u>\$ 335,000</u>	<u>\$ 440,000</u>	<u>\$ (560,349)</u>	<u>\$ 214,651</u>

## CENTER FOR FAMILY REPRESENTATION, INC.

### NOTES TO FINANCIAL STATEMENTS - CONTINUED

#### 11. SPECIAL EVENTS

CFR held its Annual Gala on June 11, 2024 and on June 7, 2023. Income from each of the special events are as follows:

	<b>2024</b>	<b>2023</b>
Special event revenue	\$ 396,190	\$ 491,942
Less: Special event direct expenses	<u>(72,277)</u>	<u>(168,535)</u>
Special event income	<u>\$ 323,913</u>	<u>\$ 323,407</u>

#### 12. IN-KIND CONTRIBUTIONS

During the years ended December 31, 2024 and 2023, CFR received donated legal services amounting to \$912,536 and \$87,560, which have been reflected in the financial statements as in-kind contributions and in-kind professional fees. The donated legal services are valued at the standard hourly rates charged for those services. There were no donor-imposed restrictions associated with the donated services.

In-kind contributions recorded in the form of donated services have significantly increased from 2023 to 2024. In 2024, CFR began recording all services provided pro-bono from law firms assisting with the cases of CFR's clients. These services provide consequential support that enhances CFR's representation of our clients in court so it was meaningful to us to document their significant contributions.

#### 13. PENSION PLAN

CFR provides a defined contribution plan for its employees. Contributions are set at 6% of the total salaries of the eligible employees. Pension expense for the years ended December 31, 2024 and 2023 amounted to \$697,817 and \$601,484, respectively.

#### 14. CONTINGENCIES

A substantial amount of CFR's revenues are government reimbursements. Revenues and related expenses are subject to audit verification by the funding agencies. The accompanying financial statements make no provision for possible disallowances. Although such disallowances could be substantial in amount, in the opinion of management, any actual disallowances would be immaterial.

**CENTER FOR FAMILY REPRESENTATION, INC.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**15. CONCENTRATIONS**

For the years ended December 31, 2024 and 2023, approximately 76% and 80%, respectively, of CFR's support and revenue was from one government funder, NYC MOCJ. The original contract with NYC MOCJ expired on June 30, 2023, has been renewed once, and is now set to expire on June 30, 2027.

CFR maintains its cash and cash equivalents and investments at financial institutions insured by the Federal Deposit Insurance Corporation and Securities Investor Protection Corporation for up to \$250,000 and \$500,000, respectively. CFR's cash and cash equivalents and investments may at times exceed these federally insured limits. CFR has not experienced any losses in such accounts, and management believes that credit risk related to these accounts is minimal.