

**Arizona Foundation for Legal Services and Education
Financial Statements and Independent Auditor's Report for the Years Ending
December 31, 2024 and 2023**

**Report on Schedule of Expenditures of Federal Awards and Reports
Required by Government Auditing Standards and the Uniform Guidance
For the Year Ended December 31, 2024**

Arizona Foundation for Legal Services and Education
December 31, 2024 and 2023
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Independent Auditor's Report

To the Board of Directors
Arizona Foundation for Legal Services and Education

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Arizona Foundation for Legal Services and Education (a nonprofit organization), which comprise the statement 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 present fairly, in all material respects, the financial position of Arizona Foundation for Legal Services and Education 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 audit 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. 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 Arizona Foundation for Legal Services and Education 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 opinions.

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 Arizona Foundation for Legal Services and Education'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 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 generally accepted auditing standards 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 Arizona Foundation for Legal Services and Education'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 Arizona Foundation for Legal Services and Education'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.

Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying 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*, is presented for purposes of additional analysis and is 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 audit 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 auditing standards generally accepted in the United States of America. 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 July 18, 2025, on our consideration of Arizona Foundation for Legal Services and Education'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 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 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 Arizona Foundation for Legal Services and Education's internal control over financial reporting and compliance.

Snyder & Brown CPAs, PLLC

Tempe, Arizona

July 18, 2025

Financial Statements

Arizona Foundation for Legal Services and Education
Statements of Financial Position
December 31, 2024 and 2023

	2024	2023
Assets		
Current assets:		
Cash and cash equivalents	\$ 16,685,549	\$ 9,963,011
Grants receivable, net	570,901	1,293,555
Pledges receivable, net	12,183	14,346
IOLTA receivable	1,200,000	1,200,000
Prepaid expenses	121,400	82,358
Total current assets	18,590,033	12,553,270
Non-current assets:		
Property and equipment, net	484,093	498,719
Pledges receivable, net of discount	24,079	23,346
Employee retention tax credit receivable	257,114	257,114
Board designated long-term sustainability fund		
Cash and cash equivalents	313,020	-
Investments	7,253,105	-
Total board designated reserve fund	7,566,125	-
Donor restricted cash and investments		
Cash and cash equivalents	303,461	543,689
Total noncurrent assets	8,634,872	1,322,868
Total assets	\$ 27,224,905	\$ 13,876,138
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 50,460	\$ 212,023
Accrued liabilities	274,772	830,420
Deferred revenues	314,387	530,553
Operating lease liability - current	89,444	86,803
Total current liabilities	729,063	1,659,799
Non-current liabilities:		
Operating lease liability - noncurrent	195,174	284,618
Total noncurrent liabilities	195,174	284,618
Total liabilities	924,237	1,944,417
Net assets:		
Without donor restriction		
Undesignated	18,423,566	11,629,917
Board designated long-term sustainability fund	7,566,125	-
Total without donor restriction	25,989,691	11,629,917
With donor restriction	310,977	301,804
Total net assets	26,300,668	11,931,721
Total liabilities and net assets	\$ 27,224,905	\$ 13,876,138

See accompanying notes to the financial statements.

Arizona Foundation for Legal Services and Education
Statements of Activities
For the Years Ended December 31, 2024 and 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, support, and gains:						
IOLTA	\$ 15,227,814	\$ -	\$ 15,227,814	\$ 11,216,230	\$ -	\$ 11,216,230
Federal and state grants	7,253,428	-	7,253,428	3,508,007	-	3,508,007
Contributions	76,514	31,516	108,030	73,803	32,829	106,632
SBA legal services contributions	160,775	-	160,775	152,521	-	152,521
Mock Trial registration and fees	38,250	-	38,250	31,854	-	31,854
SBA dues for pro bono	104,740	-	104,740	100,000	-	100,000
Pro Hac Vice	100,445	-	100,445	92,188	-	92,188
Program and fees	120,452	-	120,452	108,900	-	108,900
Donated services	300,343	-	300,343	347,455	-	347,455
Interest	664,739	14,918	679,657	125,274	14,305	139,579
Net realized and unrealized gains	405,218	-	405,218	-	-	-
Loss on sale of asset	(52)	-	(52)	(1,375)	-	(1,375)
Net assets released from restrictions	37,261	(37,261)	-	34,087	(34,087)	-
Total revenues, support, and gains	<u>24,489,927</u>	<u>9,173</u>	<u>24,499,100</u>	<u>15,788,944</u>	<u>13,047</u>	<u>15,801,991</u>
Expenses and losses:						
Program services:						
Legal & technology services	7,332,765	-	7,332,765	4,294,890	-	4,294,890
Law related education	2,127,259	-	2,127,259	1,484,220	-	1,484,220
Support services:						
Management and general	515,988	-	515,988	403,429	-	403,429
Fundraising	154,140	-	154,140	130,025	-	130,025
Total expenses	<u>10,130,152</u>	<u>-</u>	<u>10,130,152</u>	<u>6,312,564</u>	<u>-</u>	<u>6,312,564</u>
Change in net assets	14,359,775	9,173	14,368,948	9,476,380	13,047	9,489,427
Net assets, beginning of year	11,629,916	301,804	11,931,720	2,153,537	288,757	2,442,294
Net assets, end of year	<u>\$ 25,989,691</u>	<u>\$ 310,977</u>	<u>\$ 26,300,668</u>	<u>\$ 11,629,917</u>	<u>\$ 301,804</u>	<u>\$ 11,931,721</u>

See accompanying notes to the financial statements.

Arizona Foundation for Legal Services and Education
Statements of Functional Expenses
For the Years Ended December 31, 2024 and 2023

	2024					
	Program Services			Supporting Services		
	Law Related Education	Legal & Technology Services	Total Program	Management and General	Fundraising	Total
Salaries	\$ 963,551	\$ 1,131,864	\$ 2,095,415	\$ 283,934	\$ 81,043	\$ 2,460,392
Employee benefits	167,813	161,956	329,769	26,059	8,903	364,731
Payroll taxes	83,381	91,707	175,088	19,963	5,269	200,320
Total payroll and related	1,214,745	1,385,527	2,600,272	329,956	95,215	3,025,443
Other expenses						
Grantee assistance	369,820	5,416,700	5,786,520	-	-	5,786,520
Professional services	294,541	356,568	651,109	72,673	7,082	730,864
Facility and equipment rentals	70,320	49,391	119,711	26,040	6,213	151,964
Travel and Training	11,674	11,637	23,311	26,692	34,050	84,053
Gifts and awards	73,881	10,380	84,261	6,354	7,212	97,827
Dues and memberships	3,997	11,290	15,287	24,074	-	39,361
Depreciation	18,001	18,661	36,662	4,238	784	41,684
Communication	17,480	21,353	38,833	4,445	1,056	44,334
Supplies and equipment	23,534	24,589	48,123	5,444	-	53,567
Printing and postage	29,266	26,669	55,935	2,439	2,528	60,902
Insurance	-	-	-	13,633	-	13,633
Total functional expenses	\$ 2,127,259	\$ 7,332,765	\$ 9,460,024	\$ 515,988	\$ 154,140	\$ 10,130,152

See accompanying notes to the financial statements.

Arizona Foundation for Legal Services and Education
Statements of Functional Expenses
For the Years Ended December 31, 2024 and 2023

(continued)

	2023					
	Program Services			Supporting Services		
	Law Related Education	Legal & Technology Services	Total Program	Management and General	Fundraising	Total
Salaries	\$ 792,672	\$ 804,023	\$ 1,596,695	\$ 232,214	\$ 86,874	\$ 1,915,783
Employee benefits	137,677	126,897	264,574	26,846	8,355	299,775
Payroll taxes	57,534	58,431	115,965	15,734	5,437	137,136
Total payroll and related	987,883	989,351	1,977,234	274,794	100,666	2,352,694
Other expenses						
Grantee assistance	172,893	2,819,520	2,992,413	-	-	2,992,413
Professional services	178,202	350,306	528,508	47,752	1,382	577,642
Facility and equipment rentals	60,026	40,824	100,850	18,704	2,528	122,082
Travel and Training	6,353	3,723	10,076	11,890	15,539	37,505
Gifts and awards	27,500	9,216	36,716	2,607	2,951	42,274
Dues and memberships	3,220	15,610	18,830	19,113	147	38,090
Depreciation	15,604	25,291	40,895	3,133	793	44,821
Communication	17,431	16,331	33,762	3,129	992	37,883
Supplies and equipment	10,083	21,869	31,952	5,997	733	38,682
Printing and postage	5,025	2,849	7,874	2,058	4,294	14,226
Insurance	-	-	-	14,252	-	14,252
Total functional expenses	\$ 1,484,220	\$ 4,294,890	\$ 5,779,110	\$ 403,429	\$ 130,025	\$ 6,312,564

See accompanying notes to the financial statements.

Arizona Foundation for Legal Services and Education
Statements of Cash Flows
For the Years Ended December 31, 2024 and 2023

	2024	2023
Cash flows from operating activities:		
Change in net assets	\$ 14,368,948	\$ 9,489,427
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	41,684	44,821
Amortization of lease	86,803	84,035
Net unrealized losses (gains) on investments	(405,218)	(14,123)
Changes in operating assets and liabilities		
IOLTA receivable	-	(800,000)
Grants receivable	722,654	(1,096,716)
Pledges receivable	1,430	(1,610)
Other receivable	-	90,441
Prepaid expenses	(39,042)	(32,806)
Accounts payable	(161,563)	186,668
Accrued expenses	(555,648)	620,815
Lease liability	(86,803)	(84,035)
Deferred revenue	(216,166)	(316,018)
Net cash provided (used) by operating activities	13,757,079	8,170,899
Cash flows from investing activities:		
Net sale of investments	(6,847,888)	14,123
Purchases of equipment	(113,861)	(34,165)
Net cash provided (used) by investing activities	(6,961,749)	(20,042)
Net increase in cash and cash equivalents	6,795,330	8,150,857
Cash and cash equivalents, beginning of year	10,506,700	2,355,843
Cash and cash equivalents, end of year	\$ 17,302,030	\$ 10,506,700

Interest expense on lease liabilities was \$9,956 and \$12,517 for the year ending December 31, 2024 and 2023, respectively.

See accompanying notes to the financial statements.

Arizona Foundation for Legal Services and Education
Notes to the Financial Statements
December 31, 2024 and 2023

Note 1 - Operations and Summary of Significant Accounting Policies

Nature of the Organization - Arizona Foundation for Legal Services and Education ("Foundation") is a public nonprofit Arizona corporation that was founded in 1978 with the mission of "promoting access to justice for all Arizonans" through the provision of technical and financial assistance to legal service providers and education entities and through partnerships and work with judges, attorneys, educators, and all those committed to equal access to justice. The Foundation has been determined exempt from federal income taxes under 501(c)(3) of the Internal Revenue Code.

Basis of Accounting - The financial statements of the Foundation have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and liabilities. Revenues are recognized when earned and expenses are recorded when incurred.

Basis of Presentation - The financial statements of the Foundation have been prepared in accordance with U.S. Generally accepted accounting principles (US GAAP).

Net assets, 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. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

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.

Estimates – The preparation of the financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the 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 consist primarily of cash on hand and bank deposit accounts. For purposes of the statement of cash flows, the Foundation considers all highly liquid investments with initial maturities of three months or less to be cash equivalents.

Arizona Foundation for Legal Services and Education
Notes to the Financial Statements
December 31, 2024 and 2023

Pledges Receivable – Contributions, which include unconditional promises to give (pledges), are recognized as revenues in the period the Foundation is notified of the commitment. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Unconditional pledges from program campaigns are recorded as temporarily restricted support when received due to donor time restrictions. Payments received on such pledges are recognized simultaneously as an increase in unrestricted net assets and a decrease in temporarily restricted net assets. Management determined that no allowance for uncollectible accounts was necessary.

Grants Receivable - Grants receivable primarily relate to reimbursement for grants and contracts and were due as of December 31, 2024 and 2023, respectively. Management determined that no allowance for uncollectible accounts was necessary.

Property and Equipment – Property and equipment are stated at cost, if purchased, or at fair market value, if donated. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Furniture and equipment	4–7 years
Computer hardware	3–5 years
Computer software	4–5 years

The Foundation has a capitalization policy of \$1,000 for property and equipment.

Fair Value of Financial Statements - Unless otherwise indicated, the fair values of all reported assets and liabilities which represent financial instruments (none of which are held for trading purposes) approximate the carrying values of such amounts.

Functional Allocation of Expenses - The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses. Most costs are directly identifiable with specific program. Certain other costs have been allocated among the programs and supporting services benefited based on estimated time and effort expended for each function.

Income Tax Status - The Foundation qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, accordingly, there is no provision for income taxes. Management of the Foundation believes that they have appropriate support for tax positions taken and, as such, do not have any uncertain tax positions that result in a material impact on the Foundation’s financial position or statement of activities.

Subsequent Events - Subsequent events were evaluated by management through July 18, 2025, the date on which the financial statements were available to be issued.

Arizona Foundation for Legal Services and Education
Notes to the Financial Statements
December 31, 2024 and 2023

Revenue Recognition:

IOLTA revenues - The IOLTA program was created in 1984 by a rule of the Supreme Court of Arizona. This rule requires all lawyers who receive client funds in Arizona to maintain an interest-bearing trust account. The net interest earnings on these accounts are remitted to the Foundation. These earnings are to be used solely for the following purposes: to pay the actual administrative costs of this interest or earnings on lawyers' trust accounts (IOLTA) program; to fund programs designated to assist in the delivery of legal services to the poor; to support law-related education programs designed to teach young people, educators, and other adults about the law, the legal process, and the legal system; to fund studies or programs designed to improve the administration of justice; and to maintain a reasonable reserve therefor. The revenues are recognized in the period that the interest is earned. The receivable balance is estimated based on expected returns.

Federal and state grants - The Foundation receives various federal and state grant revenues. The Foundation recognizes grant revenue as expenses are incurred. Based on the nature of these contracts, government fees and grants are recognized as revenue in the financial statements utilizing the contribution guidance in Topic 958.

Contributions - Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a 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.

Mock trial and program fees - The Foundation receives fees for services provided to program participants. Related revenues are recognized in the period the programs are implemented.

Pro Hac Vice and SBA dues for pro bono - The Foundation receives a portion of fees paid by attorneys to the Arizona State Bar. The fees are collected by the Bar and passed through to the Foundation and are provided to legal service organizations. The revenues are recognized by the Foundation in the period the fees are due.

Employee retention tax credit - Employee retention credits act as fully refundable credits against the Foundation's portion of Social Security taxes based on the amount of qualified wages that the Foundation has incurred. The credits are recognized at the time eligibility is determined. Laws and regulations concerning government programs, including the Employee Retention Credit established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act, are complex and subject to varying interpretations. Claims made under the CARES Act may also be subject to retroactive audit and review. The Foundation scrupulously evaluated the eligibility criteria and requirements and trusts the credit is allowable. However, there can be no assurance that regulatory authorities will not

Arizona Foundation for Legal Services and Education
Notes to the Financial Statements
December 31, 2024 and 2023

challenge the Foundation's claim to the ERC, and it is not possible to determine the impact (if any) this would have upon the Foundation.

Donated Materials and Services - Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation. Volunteers also donated significant amounts of their time in the Foundation's program services.

Leases - The Foundation categorizes leases with contractual terms longer than twelve months as either operating or finance leases. Finance leases are generally those leases that allow the Foundation to substantially utilize or pay for the entire asset over its estimated useful life. All other leases are categorized as operating leases. Leases with contractual terms of 12 months or less are not recorded on the balance sheet. Certain lease contracts include obligations to pay for other services such as operations, property taxes and maintenance. For leases of property, the services are accounted for separately and payments are allocated to the lease and other services components based on stand-alone prices.

Lease liabilities are recognized at the present value of the fixed lease payments, using a discount rate based on similarly secured borrowings available. Right of use assets are recognized based on the initial present value of the fixed lease payments, plus any direct costs from executing the leases. Lease assets are tested for impairment in the same manner as long-lived assets used in operations.

Options to extend lease terms, terminate leases before the contractual expiration date, or purchase the lease assets, are evaluated for their likelihood of exercise. If it is reasonably certain that the option will be exercised, the option is considered in determining the classification and measurement of the lease. Costs associated with operating lease assets are recognized on a straight-line basis within operating expenses over the term of the lease.

Note 2 – Availability and Liquidity

The following represents the Foundation's financial assets at December 31, 2024 and 2023:

Financial assets at year end:	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 16,989,010	\$ 10,506,700
Grants receivable	570,901	1,293,555
Pledges receivable, net - current	12,183	14,346
IOLTA receivable	1,200,000	1,200,000
Employee retention tax credit receivable	257,114	257,114
Less contractual or donor-imposed restrictions:		
Restricted by donors with purpose restrictions	(310,977)	(301,804)
Contractually restricted advance funding	(314,387)	(530,553)
Financial assets available to meet cash needs		
for general expenditure within one year	<u>\$ 18,403,844</u>	<u>\$ 12,439,358</u>

Arizona Foundation for Legal Services and Education
Notes to the Financial Statements
December 31, 2024 and 2023

The Foundation's goal is generally to maintain financial assets to meet 30 days of total expenses (approximately \$200,000). As part of its liquidity plan, the Foundation maintains the majority of its short-term assets in cash accounts, short-term investments and short-term receivables.

Note 3 – Concentrations of Credit Risk

Financial Instruments which potentially subject the Foundation to concentrations of credit risk consist of cash deposits and investments with financial institutions.

Cash deposits with banks in excess of the amounts insured by the Federal Deposit Insurance Corporation (FDIC) are exposed to loss in the event of nonperformance by the financial institutions. In order to mitigate these risks, the Foundation spreads funds out into multiple financial institutions, participates in an Insured Cash Sweep (ICS) account and ensures balances are in government backed securities or fully FDIC insured. At December 31, 2024, the Foundation had cash on hand of \$250 and the carrying amount of the Foundation's deposits was \$17,301,780 with a bank balance of \$16,973,856. Of this amount \$15,876,245 was held in an ICS account and the remaining bank balances were held in accounts with balances that were fully insured by FDIC/SIPC at December 31, 2024. At December 31, 2023, the Foundation had cash on hand of \$250 and the carrying amount of the Foundation's deposits was \$10,506,450 with a bank balance of \$10,521,044. The bank balance was fully insured by FDIC/SIPC at December 31, 2023.

Investments and cash held by the brokerage firm are protected up to their net equity value by a combination of coverage provided by Securities Investor Protection Corporation and additional protection purchased from a private insurer by the brokerage firm. Investments are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in risks in the near-term would materially affect account balances and the amounts reported in the accompanying financial statements.

Arizona Foundation for Legal Services and Education
Notes to the Financial Statements
December 31, 2024 and 2023

Note 4 – Cash and Cash Equivalents

At year end, cash and cash equivalents consisted of the following:

	<u>2024</u>	<u>2023</u>
Operating cash and cash equivalents		
Cash on hand	\$ 250	\$ 250
Cash in bank	16,359,524	10,204,965
Total operating cash and cash equivalents	<u>16,359,774</u>	<u>10,205,215</u>
Cash and cash equivalents held for investment purposes		
Cash in bank	313,021	59,320
Negotiable certificates of deposit	-	241,920
Money market mutual fund	316,215	245
Total cash and cash equivalents held for investments	<u>629,236</u>	<u>301,485</u>
Total cash and cash equivalents	<u>\$ 16,989,010</u>	<u>\$ 10,506,700</u>

Cash and cash equivalents consisted of the following for the years ended December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 16,685,549	\$ 9,963,011
Cash and cash equivalents - restricted	303,461	543,689
Total cash and cash equivalents shown in the statement of cash flows	<u>\$ 16,989,010</u>	<u>\$ 10,506,700</u>

Note 5 – Pledges Receivable

Pledges receivable at December 31, 2024 and 2023 represent unconditional promises to give as follows:

	<u>2024</u>	<u>2023</u>
Receivable in less than one year	\$ 12,183	\$ 14,346
Receivable in one to five years	27,195	25,779
Total pledges receivable, gross	<u>39,378</u>	<u>40,125</u>
Less discount for long-term pledges	(3,116)	(2,433)
Pledges receivable, net	<u>36,262</u>	<u>37,692</u>
Current	12,183	14,346
Long-term	24,079	23,346
Total pledges receivable	<u>\$ 36,262</u>	<u>\$ 37,692</u>

Long-term pledges are discounted to present value using discount rates provided by the IRS annually and are between 1.2% and 5.2%. The discounts will be recognized as contribution revenue over future years.

Arizona Foundation for Legal Services and Education
Notes to the Financial Statements
December 31, 2024 and 2023

Note 6 – Cash and Investments

The Board has earmarked unrestricted cash and investments to be invested to provide income for a long but unspecified period. At December 31, 2024 the Foundation reported cash and cash equivalents of \$313,020 and investments of \$7,253,105 as board designated. Certain cash and investments are restricted for specified purposes, included amounts reported as deferred revenue relating to the Bank of America settlement discussed in Note 8. The Foundation has reported \$303,461 and \$543,689 of restricted cash and investments at December 31, 2024 and 2023, respectively.

The Foundation determines the fair value of financial instruments consistent with FASB ASC 820, Fair Value Measurements and Disclosures. This standard clarifies the definitions of fair value for financial reporting, establishes a hierarchical disclosure framework for measuring fair value, and requires additional disclosures about the use of fair value measurements.

The standard provides a consistent definition of fair value which focuses on an exit price, which 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. The standard also prioritizes, within the measurement of fair value, the use of market-based information over entity-specific information and establishes a three-level hierarchy for fair value measurements based on the nature of inputs used in the valuation of an asset or liability as of the measurement date.

The three-level hierarchy for fair value measurements is defined as follows:

Level 1 - Valuation is based on observable inputs using quoted prices in active markets for identical assets that are accessible at the measurement date.

Level 2 - Valuation is based on inputs from sources other than quoted prices in active markets that are either directly or indirectly observable as of the reporting date. This may include quoted prices for similar assets in an active market, quoted prices for similar assets in a market that is not as active, or valuation methods using models, interest rates and yield curves as observable inputs.

Level 3 - Valuation is based on unobservable inputs for the asset, reflecting assumptions that a market participant would use in pricing the asset, to the extent that observable inputs (Level 1 and 2) are not available. Level 3 assets include situations where there is little or no market activity for the investment and significant management judgment or estimates are required.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in methodologies used at December 31, 2024 and 2023.

Mutual funds - Valued at the net asset value (NAV) of shares held by the Foundation at year-end.

Corporate bonds, U.S. Treasury bills, and equities - Valued at the closing price reported on the active market on which the individual securities are traded.

Negotiable Certificates of deposit - Valued at fair value based on quoted prices of certificates of deposit for the same financial instruments or compared to financial instruments with similar interest rates, maturity, and credit worthiness.

Arizona Foundation for Legal Services and Education
Notes to the Financial Statements
December 31, 2024 and 2023

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The determination of where assets and liabilities fall within this hierarchy is based upon the lowest level of input that is significant to the fair value measure. These classifications (Level 1, 2, and 3) are intended to reflect the observability of inputs used in the valuation of the future contracts and are not necessarily an indication of risk or liquidity. The fair values of the Foundation's financial assets that are measured on a recurring basis as of December 31, 2024 and 2023 are as follows:

	<u>Hierarchy Level</u>	<u>2024</u>	<u>2023</u>
Cash in bank		\$ 313,021	\$ 59,320
Money market mutual funds	Level 1	316,215	245
Negotiable certificates of deposit	Level 2	-	241,920
Total cash and cash equivalents		<u>\$ 629,236</u>	<u>\$ 301,485</u>
	<u>Hierarchy Level</u>	<u>2024</u>	<u>2023</u>
Fixed Income	Level 1	\$ 2,340,984	\$ -
Corporate equities	Level 1	4,593,344	-
Alternative investments	Level 2	318,777	-
Total reported investments		<u>\$ 7,253,105</u>	<u>\$ -</u>

Net realized and unrealized gains consisted of the following for December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Realized gains during the year	\$ 14,921	\$ -
Unrealized gains during the year	390,297	-
Net realized and unrealized gains on investments	<u>\$ 405,218</u>	<u>\$ -</u>

Note 7 – Property and Equipment

Property and equipment consisted of the following at December 31:

	<u>2024</u>	<u>2023</u>
Cost or donated value		
Work in progress	\$ 39,000	\$ 2,378
Leasehold improvements	28,919	19,576
Furniture and equipment	83,690	83,704
Computer hardware	236,709	175,747
Computer software	222,234	212,234
Right of use asset - office space	534,776	534,776
Total cost or donated value	<u>1,145,328</u>	<u>1,028,415</u>
Accumulated depreciation/amortization	(661,235)	(529,696)
Property and equipment, net	<u>\$ 484,093</u>	<u>\$ 498,719</u>

Arizona Foundation for Legal Services and Education
Notes to the Financial Statements
December 31, 2024 and 2023

Note 8 – Deferred Revenue

As a result of a Justice Department Settlement with Bank of America executed in 2014, the Foundation received \$8,738,233 in 2016. The funds received from the settlement are required to be used in providing funds to legal aid organizations in the state of Arizona for foreclosure prevention legal assistance and community redevelopment legal assistance. The Foundation awarded grants of \$270,000 and \$472,193 during fiscal year 2024 and 2023 respectively, which meet the requirements of the award, at which time the respective revenue was recognized and included in contract revenue in the statement of activities. Management has evaluated this involuntary settlement and determined that the Foundation is carrying out specific requirements on behalf of Bank of America. As a result, deferred revenue of \$28,745 and \$249,577 is reported in the statements of net position for the unspent portion of these amounts at December 31, 2024 and 2023, respectively.

Deferred revenue consisted of the following at December 31:

	2024	2023
Unspent Bank of America Settlement funds	\$ 28,745	\$ 249,577
Unearned grants and contracts revenue	285,642	280,976
Total deferred revenue	\$ 314,387	\$ 530,553

Note 9 – Board Designated Long-Term Sustainability Fund

During 2024 the board established a reserve fund to ensure that funds would be maintained to accommodate for future fluctuations in IOLTA interest rates. The funds are designated to be held and invested between 1- 7 years and will be used to provide future services and awards in the event that IOLTA interest rates decrease. At December 31, 2024 the Foundation reported cash and cash equivalents of \$313,020 and investments of \$7,253,105 as reserved.

Arizona Foundation for Legal Services and Education
Notes to the Financial Statements
December 31, 2024 and 2023

Note 10 – Net Assets with Donor Restrictions

Net assets with donor restrictions consisted of the following at December 31:

	<u>2024</u>	<u>2023</u>
Purpose restrictions		
Memorial fund-		
Jonathan Schubert	\$ 179,873	\$ 171,155
John J. Ross	76,374	75,206
John Sticht	13,648	12,910
Frank Fanning	2,902	3,226
William Haug	211	-
Kathleen Masters	698	660
Georgia Ellexson	1,009	955
Total memorial fund	<u>274,715</u>	<u>264,112</u>
Total purpose restrictions	<u>274,715</u>	<u>264,112</u>
Time restrictions		
Pledges receivable for unrestricted purposes	<u>36,262</u>	<u>37,692</u>
Total time restrictions	<u>36,262</u>	<u>37,692</u>
Total net assets with donor restrictions	<u>\$ 310,977</u>	<u>\$ 301,804</u>

Net assets were released from restrictions for the years ended December 31 as follows:

	<u>2024</u>	<u>2023</u>
Purpose restrictions met	\$ 4,514	\$ 3,867
Time restrictions met	<u>32,747</u>	<u>30,220</u>
	<u>\$ 37,261</u>	<u>\$ 34,087</u>

Arizona Foundation for Legal Services and Education
Notes to the Financial Statements
December 31, 2024 and 2023

Note 11 – Donated Services

The value of donated services included as revenues and expenses in the financial statements and the corresponding program expenses for years ended December 31, 2024 and 2023, were as follows:

Utilization in Programs/Activities	2024	2023	Donation Type	Donor Restrictions	Valuation Method
Administrative	\$ 6,034	\$ 6,156	Donated time	None	Estimated cost
Fundraising	-	-	Donated time	None	Estimated cost
Legal services					
Legal services and assistance	119,357	252,383	Donated time	None	Estimated cost
Technology	18,156	13,619	Donated time	None	Estimated cost
Outreach-hotline	382	130	Donated time	None	Estimated cost
Law related education					
Law related education	30,012	9,710	Donated time	None	Estimated cost
CEAS	21,505	-	Donated time	None	Estimated cost
Mock mediation	10,173	8,576	Donated time	None	Estimated cost
Mock trial	26,729	20,285	Donated time	None	Estimated cost
Project citizen	13,661	8,135	Donated time	None	Estimated cost
Kids voting AZ	14,955	2,281	Donated time	None	Estimated cost
We the people	39,379	26,180	Donated time	None	Estimated cost
Total donated services	<u>\$ 300,343</u>	<u>\$ 347,455</u>			

Note 12 – Retirement Plan

During 2007, the Foundation formed a 401(k) retirement plan exclusive to the Foundation. In prior years, the Foundation employees were covered under a defined contribution plan sponsored by the State Bar of Arizona and a 401(k) plan, also administered by the State Bar of Arizona. Under the new plan, employees are eligible for enrollment after being employed at the Foundation for at least six months and may enter the plan in January or July after the service requirement has been met. Vesting of employer contributions is 20% after two years, 40% after three years, 60% after four years, and 100% after five years of service. Employee contributions are always fully vested.

The Foundation, at its sole discretion, contributes on behalf of each eligible participant in the plan an amount equal to 7.0% of the participant's compensation to the federal social security wage limit. After the wage limit is met, the Foundation contributes an additional 5.7% of each eligible participant's compensation in excess of the wage limit. The Foundation contributed \$118,623 to the plan during the year ended December 31, 2024 and \$122,342 to the plan during the year ended December 31, 2023.

Arizona Foundation for Legal Services and Education
Notes to the Financial Statements
December 31, 2024 and 2023

Note 13 - Related Party Operating Lease Liability

The Foundation currently leases 4,962 square feet of office space from the State Bar of Arizona under a 10-year operating lease agreement, which went into effect February 1, 2018. Because the rates implicit in the leases are generally not available, the Foundation utilizes its incremental borrowing rate as the discount rate of 3 percent annual interest.

The future minimum payments required under the operating lease at December 31, 2024, were as follows:

	Operating Lease Liability	Interest	Total
Years ending December 31,			
2025	\$ 89,444	\$ 7,315	\$ 96,759
2026	92,164	4,595	96,759
2027	94,967	1,792	96,759
Thereafter	8,043	20	8,063
Total minimum lease payments	<u>\$ 284,618</u>	<u>\$ 13,722</u>	<u>\$ 298,340</u>

Single Audit Section

Auditor's Section

**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
Arizona Foundation for Legal Services and Education

We have audited, in accordance with the 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, the financial statements of Arizona Foundation for Legal Services and Education ("Foundation"), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated July 18, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Foundation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation'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 may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation'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 determination of financial statement amounts.

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.

Snyder & Brown CPAs, PLLC

Tempe, Arizona

July 18, 2025

Independent Auditors' Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance

To the Board of Directors
Arizona Foundation for Legal Services and Education

***Report on Compliance for Each Major Program
Opinion on Each Major Federal Program***

We have audited the Arizona Foundation for Legal Services and Education's ("Foundation") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Foundation's major federal programs for the year ended December 31, 2024. The Foundation's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Foundation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 Arizona Foundation for Legal Services and Education 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 each major federal program. Our audit does not provide a legal determination of Arizona Foundation for Legal Services and Education'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 Arizona Foundation for Legal Services and Education'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 Arizona Foundation for Legal Services and Education'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 generally accepted auditing standards, *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 Arizona Foundation for Legal Services and Education's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 Arizona Foundation for Legal Services and Education, Inc.'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 Arizona Foundation for Legal Services and Education, Inc.'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 Arizona Foundation for Legal Services and Education, Inc.'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.

Snyder & Brown CPAs, PLLC

Tempe, Arizona

July 18, 2025

**Arizona Foundation for Legal Services and Education
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2024**

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified?	No (None reported)
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified?	No (None reported)
Type of auditor's report issued on compliance for major programs?	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 500.516(a)?	No

Identification of major programs:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
21.027	Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

Other Matters

Auditee's summary schedule of prior audit findings	No
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**Arizona Foundation for Legal Services and Education
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2024**

Section II – Financial Statement Findings

None reported

Section III – Federal Award Findings and Questioned Costs

None reported

Auditee's Section

**Arizona Foundation for Legal Services and Education
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2024**

<u>Federal Grantor/ Pass Through Grantor/Program Title</u>	<u>Assistance Listing Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>	<u>Pass Thru to Subrecipients</u>
U.S. Department of Treasury				
Passed through the Arizona Department of Economic Security -				
Coronavirus State and Local Fiscal Recovery Funds	21.027	CTR067423	\$ 4,138,880	\$ 3,621,520
Total U.S. Department of Treasury			<u>4,138,880</u>	<u>3,621,520</u>
U.S. Department of Education				
Passed through the Center for Civic Education -				
Education Innovation and Research				
(formerly Investing in Innovation (i3) Fund)	84.411	CG4XQZ5LK6B8	95,579	-
Supporting Effective Educator Development Program	84.423A	CG4XQZ5LK6B8	75,331	-
Total U.S. Department of Education			<u>170,910</u>	<u>-</u>
U.S. Department of Health and Human Services				
Passed through the Arizona Department of Economic Security -				
Temporary Assistance for Needy Families	93.558	ADES18-202037	911,049	877,772
Total U.S. Department of Health and Human Services			<u>911,049</u>	<u>877,772</u>
Total expenditures of federal awards			<u>\$ 5,220,839</u>	<u>\$ 4,499,292</u>

See accompanying notes to the schedule of expenditures of federal awards.

Arizona Foundation for Legal Services and Education
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2024

Note 1 - Basis of Accounting

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Arizona Foundation for Legal Services and Education (“Foundation”) and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the 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). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Note 2 - Assistance Listing Number

The program titles and assistance listing numbers were obtained from the federal or pass-through grantor or the 2024 assistance listing.

Note 3 - Temporary Assistance for Needy Families block grant

The Temporary Assistance for Needy Families (TANF) block grant is authorized by the federal government and provides federal assistance to states to operate their own programs designed to help low-income families. The TANF block grant is managed by the U.S. Department of Health and Human Services (DHHS). The Arizona Department of Economic Security (DES) is responsible for the administration of Arizona’s state operated TANF program as outlined in Arizona’s State Plan for TANF. The Arizona State Plan for TANF is a written document submitted to DHHS which outlines the State of Arizona’s plan for administering the TANF program in a manner that conforms to the federal requirements. As defined in the Arizona State Plan for TANF, the Foundation receives TANF financial assistance through DES to operate a statewide system of legal and lay-legal advocacy services to victims of domestic violence and their children.

Note 4 - Reporting of Commingled Financial Assistance

States receiving federal TANF funding are required to spend their own state dollars in order to meet required maintenance of effort (MOE) levels. The amount reported on the Foundation’s Schedule of Expenditures of Federal Awards as TANF program expenditures contains both the TANF federal block award dollars and Arizona state MOE appropriations.

Note 5 - Indirect Costs

The Foundation elected not to use the 10 percent de minimis indirect cost rate.