

CENTER FOR LAW AND SOCIAL POLICY

**Financial Statements Together with
Report of Independent Public Accountants**

For the Years Ended December 31, 2025 and 2024

CENTER FOR LAW AND SOCIAL POLICY

Financial Statements Together with Report of Independent Public Accountants

DECEMBER 31, 2025 AND 2024

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON THE AUDIT OF THE FINANCIAL STATEMENTS

To the Board of Directors of
Center for Law and Social Policy

Opinion

We have audited the statements of financial position of the Center for Law and Social Policy (CLASP) as of December 31, 2025 and 2024, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 CLASP 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 controls 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 CLASP's ability to continue as a going concern for one year after the date 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 GAAS 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 controls. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, 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 controls 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 CLASP's internal controls. 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 CLASP's ability to continue as a going concern for one year after the issuance date or the date that the financial statements are available for issuance.

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 controls-related matters that we identified during the audit.

Washington, D.C.
June 15, 2026



CENTER FOR LAW AND SOCIAL POLICY

Statements of Financial Position As of December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
ASSETS		
Cash and cash equivalents	\$ 8,839,954	\$ 9,386,889
Investments	4,995,288	4,440,801
Grants and contributions receivable, net	6,162,648	3,057,459
Prepaid expenses	343,779	180,635
Property and equipment, net	87,310	81,816
Right-of-use-asset - financing lease	163,031	56,708
Right-of-use-asset - operating lease	3,726,299	4,236,365
Total Assets	<u><u>\$ 24,318,309</u></u>	<u><u>\$ 21,440,673</u></u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 47,491	\$ 80,496
Accrued salaries and related benefits	460,846	429,980
Refundable advances	-	56,787
Lease liability - financing	172,669	62,177
Lease liability - operating	4,261,259	4,736,643
Total Liabilities	<u><u>4,942,265</u></u>	<u><u>5,366,083</u></u>
Net Assets		
Without donor restrictions	11,422,920	11,073,716
With donor restrictions	7,953,124	5,000,874
Total Net Assets	<u><u>19,376,044</u></u>	<u><u>16,074,590</u></u>
Total Liabilities and Net Assets	<u><u>\$ 24,318,309</u></u>	<u><u>\$ 21,440,673</u></u>

The accompanying notes are an integral part of these financial statements.

CENTER FOR LAW AND SOCIAL POLICY

Statements of Activities and Changes in Net Assets For the Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Revenue and Support		
Grants and contributions	\$ 5,365,209	\$ 3,433,120
Contract revenue	334,817	384,798
Investment income, net	97,036	218,513
Other revenue	14,641	2,550
Release of net assets from restrictions	2,505,250	3,556,118
Total Revenue and Support	<u>8,316,953</u>	<u>7,595,099</u>
Expenses		
Policy areas	5,311,631	6,842,965
General and administrative	2,242,722	2,585,222
Development	413,396	680,726
Total Expenses	<u>7,967,749</u>	<u>10,108,913</u>
Change in Net Assets Without Donor Restrictions	<u>349,204</u>	<u>(2,513,814)</u>
NET ASSETS WITH DONOR RESTRICTIONS		
Grants	5,457,500	4,987,541
Release of net assets from restrictions	(2,505,250)	(3,556,118)
Change in Net Assets With Donor Restrictions	<u>2,952,250</u>	<u>1,431,423</u>
Changes in net assets	3,301,454	(1,082,391)
Net assets, beginning of year	16,074,590	17,156,981
Net Assets, End of Year	<u>\$ 19,376,044</u>	<u>\$ 16,074,590</u>

The accompanying notes are an integral part of these financial statements.

CENTER FOR LAW AND SOCIAL POLICY

Statement of Functional Expenses For the Year Ended December 31, 2025, with Comparative 2024 Totals

	2025											
	Policy Areas								Supporting Services			
	Education, Labor and Worker Justice	Child Care and Early Education	Racial Equity	Immigration	Public Benefits Justice	Legislative Affairs	Communications	Total Policy Areas	General and Administrative	Development	Total	2024 Totals
Salaries and payroll related expenses	\$ 664,332	\$ 503,249	\$ 333,666	\$ 562,060	\$ 1,057,909	\$ 166,083	\$ 608,971	\$ 3,896,270	\$ 1,448,206	\$ 221,444	\$ 5,565,920	\$ 7,712,505
Occupancy	78,855	59,141	39,427	65,712	124,853	19,714	72,284	459,986	170,852	26,285	657,123	671,306
Consulting fees	21,469	1,978	780	187,801	46,221	390	5,681	264,320	268,851	117,230	650,401	573,014
Professional fees	11,642	8,731	5,821	9,701	18,432	2,911	10,671	67,909	198,535	3,881	270,325	277,635
Meetings and conferences	50,247	72,110	1,445	74,225	17,210	647	594	216,478	35,855	9,814	262,147	125,143
Subgrants	-	-	-	173,800	6,000	-	-	179,800	-	-	179,800	306,932
Publications	2,713	197	567	5,796	384	16,716	36,651	63,024	47,581	5,039	115,644	120,568
Travel	4,053	6,636	1	30,777	7,920	79	178	49,644	10,487	3,676	63,807	76,943
Depreciation and amortization	7,013	5,259	3,507	5,844	11,104	1,753	6,429	40,909	15,194	2,337	58,440	58,990
Telecommunications	3,479	3,845	1,829	3,089	5,277	764	3,921	22,204	20,142	1,453	43,799	73,052
Insurance	3,370	2,529	1,686	2,809	5,337	843	3,090	19,664	7,303	1,124	28,091	30,673
Dues and registration	487	90	243	406	4,646	121	446	6,439	3,633	15,094	25,166	31,393
Office supplies	-	-	40	14,233	174	-	133	14,580	6,873	-	21,453	9,639
Printing and duplication	931	545	472	653	1,149	271	670	4,691	1,971	5,592	12,254	19,270
Miscellaneous	112	1,125	1	317	485	-	1	2,041	5,875	217	8,133	21,850
Interest expense	630	472	314	525	996	158	577	3,672	1,364	210	5,246	-
Total Expenses	\$ 849,333	\$ 665,907	\$ 389,799	\$ 1,137,748	\$ 1,308,097	\$ 210,450	\$ 750,297	\$ 5,311,631	\$ 2,242,722	\$ 413,396	\$ 7,967,749	\$ 10,108,913

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

CENTER FOR LAW AND SOCIAL POLICY

Statement of Functional Expenses For the Year Ended December 31, 2024

	Policy Areas								Supporting Services			
	Education, Labor and Worker Justice	Child Care and Early Education	Racial Equity	Youth	Immigration	Public Benefits Justice	Legislative Affairs	Communications	Total Policy Areas	General and Administrative	Development	Total
Salaries and payroll related expenses	\$ 845,433	\$ 845,078	\$ 305,913	\$ 552,460	\$ 852,888	\$ 852,653	\$ 229,633	\$ 917,487	\$ 5,401,545	\$ 1,851,322	\$ 459,638	\$ 7,712,505
Occupancy	73,843	73,844	26,852	46,991	73,844	73,844	20,139	80,557	469,914	161,114	40,278	671,306
Consulting fees	3,787	10,005	-	201,529	89,777	33,250	1,185	-	339,533	114,540	118,941	573,014
Subgrants	-	144,932	-	36,000	26,000	100,000	-	-	306,932	-	-	306,932
Professional fees	7,211	7,225	2,672	4,546	7,225	7,241	2,004	8,016	46,140	227,540	3,955	277,635
Meetings and conferences	8,496	11,539	6,020	8,037	10,492	18,732	26	53	63,395	33,415	28,333	125,143
Publications	3,645	-	-	19,529	4,469	159	-	336	28,138	85,572	6,858	120,568
Travel	6,692	7,499	1,294	24,819	12,412	18,290	4	33	71,043	4,632	1,268	76,943
Telecommunications	2,156	3,708	344	1,840	2,742	2,262	454	804	14,310	57,465	1,277	73,052
Depreciation and amortization	6,489	6,489	2,360	4,129	6,489	6,489	1,769	7,079	41,293	14,157	3,540	58,990
Dues and registration	8,243	743	270	703	953	1,542	203	810	13,467	8,239	9,687	31,393
Insurance	2,612	2,611	950	1,662	2,611	2,611	712	2,849	16,618	12,630	1,425	30,673
Miscellaneous	2,173	7,028	179	4,944	1,061	810	124	493	16,812	4,739	299	21,850
Printing and duplication	2,745	1,441	524	926	1,441	1,441	393	1,572	10,483	3,560	5,227	19,270
Office supplies	306	190	762	1,555	372	157	-	-	3,342	6,297	-	9,639
Total Expenses	<u>\$ 973,831</u>	<u>\$ 1,122,332</u>	<u>\$ 348,140</u>	<u>\$ 909,670</u>	<u>\$ 1,092,776</u>	<u>\$ 1,119,481</u>	<u>\$ 256,646</u>	<u>\$ 1,020,089</u>	<u>\$ 6,842,965</u>	<u>\$ 2,585,222</u>	<u>\$ 680,726</u>	<u>\$ 10,108,913</u>

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

CENTER FOR LAW AND SOCIAL POLICY

Statements of Cash Flows

For the Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Cash Flows from Operating Activities		
Changes in net assets	\$ 3,301,454	\$ (1,082,391)
Adjustments to reconcile changes in net assets to net cash from operating activities:		
Depreciation	24,936	36,309
Realized/unrealized gain on investments	-	(24,612)
Reinvested earnings	(54,487)	(193,901)
Non-cash lease expense	78,412	89,486
Effect of changes in non-cash operating assets and liabilities:		
Grants and contributions receivable, net	(3,105,189)	(1,403,044)
Refundable advances	(56,787)	56,787
Prepaid expenses	(163,144)	6,198
Accounts payable and accrued expenses	(33,005)	(164,799)
Accrued salaries and related benefits	30,866	45,395
Net Cash from Operating Activities	<u>23,056</u>	<u>(2,634,572)</u>
Cash Flows from Investing Activities		
Proceeds from sale of investments	-	13,021,436
Purchase of investments	(500,000)	(7,039,059)
Purchase of property and equipment	(30,430)	(10,859)
Net Cash from Investing Activities	<u>(530,430)</u>	<u>5,971,518</u>
Cash Flow from Financing Activities		
Principal payments on financing lease	(39,561)	(38,371)
Net change in cash and cash equivalents	(546,935)	3,298,575
Cash and cash equivalents, beginning of year	9,386,889	6,088,314
Cash and Cash Equivalents, End of Year	<u>\$ 8,839,954</u>	<u>\$ 9,386,889</u>
Supplemental Cash Flow Disclosure		
Cash paid for interest	<u>\$ 5,246</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

CENTER FOR LAW AND SOCIAL POLICY

Notes to the Financial Statements December 31, 2025 and 2024

1. DESCRIPTION OF THE ORGANIZATION

Center for Law and Social Policy (CLASP) is a non-profit organization incorporated under the laws of the District of Columbia. CLASP was established to concentrate on meeting the problems of minorities and the poor through education, research, and legal representation.

Currently, CLASP undertakes education, policy research, training, technical assistance, analyses, and reports for use by advocates, non-profit organizations, federal, state and local officials and research and evaluation entities; these are developed to improve the lives of children, youth, adults and families with low-income. CLASP understands that poverty in America is inextricably tied to systemic racism. Therefore, CLASP will explicitly and with intention, focus their policy and advocacy efforts for economic and racial justice on systemic racism as the primary cause of poverty in communities of color in the United States. CLASP believes that centering communities of color in their advocacy leads to policies that advance economic justice for everyone. CLASP works in partnership with the people most impacted to advance policies that promote racial and economic justice.

Through high-quality analysis grounded in data and on-the-ground experience, effective advocacy, a strong public voice, and hands-on technical assistance, CLASP develops and promotes new ideas, mobilizes others, and provides guidance to government leaders and advocates to help them implement strategies that deliver meaningful results to people across America.

Financial Outlook

The accompanying financial statements have been prepared on a going concern basis, which assumes CLASP will be able to realize its assets and discharge its liabilities in the normal course of business for the 12-month period ending June 2027.

For the year ended December 31, 2025, CLASP had a positive change in net assets of \$3,301,454. For the year ended December 31, 2024, CLASP had a negative change in net assets of \$1,082,391. As of March 31, 2026, CLASP has an unaudited decrease in net assets of approximately (-\$1,641,000). During the year ended December 31, 2025, CLASP hired a Development Director after 18 months and has a new Executive Director providing needed stability. A break-even budget has been approved by management and the Board for the year ended December 31, 2026, accompanied by cost-cutting initiatives that have reduced annual expenses. As of June 5, 2026, CLASP has cash in hand and guaranteed revenue of 96% of its 2026 budget and 58% of its 2027 projected budget.

CENTER FOR LAW AND SOCIAL POLICY

Notes to the Financial Statements December 31, 2025 and 2024

1. DESCRIPTION OF THE ORGANIZATION (continued)

Financial Outlook (continued)

Management and the Board have been actively implementing revenue and service opportunities which will lead to future balanced budgets and increased financial strength. Some of the actions taken to further address these issues include reducing payroll, increasing fundraising efforts, and improved forecasting of revenue and expenses.

Based on the current financial position and the positive outlook for continued operational and financial improvements, the management and board of directors of CLASP reports that the organization is stable and continuing as a going concern. Management remains vigilant in monitoring liquidity and cash flow, ensuring the organization's mission remains well-supported.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements of CLASP are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Use of Estimates

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

Cash and Cash Equivalents

CLASP considers all cash and other highly liquid investments with original maturities of three months or less to be cash equivalents. As of December 31, 2025 and 2024, cash equivalents consisted of money market accounts.

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Notes to the Financial Statements December 31, 2025 and 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value Measurements

Accounting standards generally accepted in the United States of America establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under generally accepted accounting principles (GAAP) are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that CLASP has the ability to access.

Level 2 Inputs to the valuation methodology include:

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

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Grants and Contributions Receivable, Net

Grants and contributions receivable represent unconditional promises to give from various contributors, including individuals and foundations.

CENTER FOR LAW AND SOCIAL POLICY

Notes to the Financial Statements December 31, 2025 and 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Grants and Contributions Receivable, Net (continued)

Grants and contributions receivable are recorded at the contributed amount less a discount for those contributions expected to be collected over a period greater than one year. The unamortized discount is accreted into contribution and grant revenue in the future. As of December 31, 2025 and 2024, the discount rate was 3.48% and 4.25%, respectively.

CLASP records an allowance for doubtful accounts, if needed, equal to the estimated losses that will be incurred in the collection of receivables. The estimated losses are based on historical collection experience and a review of the current status of receivables. CLASP records all grants and accounts receivable at their net realizable value. As of December 31, 2025 and 2024, there was no allowance for doubtful accounts as management considers all amounts to be fully collectible.

Property and Equipment, Net

Property and equipment purchased in excess of \$1,000 with an estimated useful life of more than one year are capitalized and recorded at cost. Depreciation is recorded using the straight-line method over the estimated useful lives of the assets, ranging from three to twelve years. Amortization of assets held under finance leases is included with depreciation and amortization expense. Expenditures for major repairs and improvements are capitalized and expenditures for minor repairs and maintenance are expensed as incurred.

Right-of-Use Assets and Lease Liabilities

CLASP recorded right-of-use assets related to equipment and the office facility where the organization conducts its operations. The right-of-use assets are being amortized over the term of the leases. As of December 31, 2025 and 2024, the carrying value of the right-of-use assets were \$3,889,330 and \$4,293,073, respectively.

The lease liabilities represent the net present value of the future commitments for the equipment and office facility leases. The term of a lease is assessed as the non-cancellable period of the lease. The lease liability is discounted using the organization's estimated borrowing rate. Costs related to maintenance and other janitorial services are expensed as incurred.

Net Assets

Net assets without donor restrictions are assets and contributions that are not restricted by donors or for which restrictions have expired.

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Notes to the Financial Statements December 31, 2025 and 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Assets (continued)

Net assets with donor restrictions are those whose use by CLASP has been limited by donors, primarily for a specific time period or purpose. When a donor restriction is met, net assets with donor restrictions are reclassified to net assets without donor restrictions. If a donor restriction is met in the same reporting period in which the contribution is received, the contribution (to the extent that the restrictions have been met) is reported as net assets without donor restrictions.

When a donor restriction expires, that is, when some stipulated time restriction ends or purpose of the restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statements of activities and changes in net assets as net assets released from restrictions.

Revenue and Support

CLASP recognizes grants and contributions when an unconditional promise to give is received. Conditional promises to give, with measurable performance or other barriers and right of return, are not recognized until the conditions on which they depend have been met.

Grants and contributions received are recorded as net assets with or without donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction.

Contract services revenue received under contracts are recognized as revenue when the related services are performed. Management has a process whereby it (1) identifies the contracts with a customer; (2) identifies the performance obligations in the contract; (3) determines the transaction price; (4) allocates the transaction price to the performance obligations in the contract; and (5) recognizes revenue when (or as) the entity satisfies these performance obligations.

Investment gains/losses include both realized and unrealized gains and losses on investments. Realized gains and losses are calculated based on the difference between the cost of the investments and the proceeds received from the sale of the respective investments.

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Notes to the Financial Statements December 31, 2025 and 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue and Support (continued)

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on an accrual basis. Dividends are recorded on the ex-dividend date. Investment income is classified as with and without donor restrictions, based on the purpose of the underlying investments.

Functional Allocation of Expenses

The costs of providing the various programs and supporting activities have been summarized on a functional basis in the accompanying statements of activities and changes in net assets and statements of functional expenses. Accordingly, certain costs have been allocated among the program (policy areas), general and administrative and fundraising services that benefit from those costs. General and administrative and fundraising expenses include those expenses that are not directly identified with any other specific policy area but to provide for the overall support and direction of CLASP. These have been allocated across all programs by the percentage of staff time spent on those activities.

Income Taxes

CLASP is a not-for-profit organization that is exempt from the payment of federal income taxes, other than net unrelated business income, under the provisions of Section 501(c)(3) of the United States Internal Revenue Code (IRC) and is recognized as such by the Internal Revenue Service. Additionally, CLASP is classified as an organization that is not a private foundation.

Accounting principles generally accepted in the United States of America provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition of tax positions taken or expected to be taken in a tax return. CLASP performed an evaluation of uncertain tax positions as of December 31, 2025 and 2024, and determined that there were no matters that would require recognition in the accompanying financial statements or which may have any effect on its tax-exempt status.

As of December 31, 2025, the statute of limitations for calendar years 2022 through 2025 remains open with the U.S. federal jurisdiction and the various state and local jurisdictions in which CLASP files tax returns. It is CLASP's policy to recognize interest and/or penalties related to uncertain tax positions, if any, in income tax expense in the statements of activities and changes in net assets.

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Notes to the Financial Statements December 31, 2025 and 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Liquidity and Availability of Resources

The following reflects CLASP's financial assets as of December 31, 2025 and 2024, reduced by amounts not available for general use within one year because of donor-imposed restrictions:

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 8,839,954	\$ 9,386,889
Investments	4,995,288	4,440,801
Grants and accounts receivable, net	6,162,648	3,057,459
Financial assets, at year-end	19,997,890	16,885,149
Less: those unavailable for general expenditures within one year, due to:		
Donor restrictions - purpose	1,585,416	2,241,499
Donor restrictions - time	4,884,375	2,759,375
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 13,528,099</u>	<u>\$ 11,884,275</u>

CLASP's process of liquidity management calls for the organization to maintain sufficient liquid financial assets in order to readily meet general expenditures and obligations as they become due. As of December 31, 2025 and 2024, CLASP has a cash reserve equal to approximately 13 months and 11 months, respectively, of operating expenses. In addition, amounts in excess of immediate cash needs are transferred to a money market account in order to earn a higher interest rate.

Subsequent Events

CLASP's management has evaluated the accompanying financial statements for subsequent events and transactions through June 15, 2026, the date these financial statements were available for issue, and has determined that no additional material subsequent events have occurred that would affect the information presented in the accompanying financial statements or require additional disclosure.

3. INVESTMENTS

The following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in methodology used as of December 31, 2025 and 2024. There were no transfers between levels in the fair value hierarchy during the years ended December 31, 2025 and 2024. Transfers between levels are recorded at the end of the reporting period, if applicable.

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Notes to the Financial Statements December 31, 2025 and 2024

3. INVESTMENTS (continued)

Fixed income: Valued at the closing price reported on the active market in which the individual securities are traded.

The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while CLASP believes its valuation methods is 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 following tables set forth, by level, the fair value hierarchy of CLASP's investments at fair value as of December 31, 2025 and 2024:

2025				
	Level 1	Level 2	Level 3	Total
Fixed income	\$ 4,995,288	\$ -	\$ -	\$ 4,995,288

2024				
	Level 1	Level 2	Level 3	Total
Fixed income	\$ 4,440,801	\$ -	\$ -	\$ 4,440,801

For the years ended December 31, 2025 and 2024, investment income consisted of the following:

	2025	2024
Realized and unrealized gains, net	\$ -	\$ 24,612
Interest and dividends	97,036	193,901
Total	\$ 97,036	\$ 218,513

4. GRANTS AND CONTRIBUTIONS RECEIVABLE, NET

As of December 31, 2025 and 2024, grants and contributions receivable included the following unconditional promises to give:

	2025	2024
Grants and contributions due in:		
Less than one year	\$ 2,746,434	\$ 1,481,583
Two to five years	3,535,099	1,734,375
Total grants and contributions receivable	6,281,533	3,215,958
Less: discount at 3.48% and 4.25%	118,885	158,499
Grants and Contributions Receivable, Net	\$ 6,162,648	\$ 3,057,459

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Notes to the Financial Statements December 31, 2025 and 2024

5. PROPERTY AND EQUIPMENT, NET

As of December 31, 2025 and 2024, property and equipment consisted of the following:

	<u>2025</u>	<u>2024</u>	<u>Useful Life</u>
Furniture and fixtures	\$ 330,638	\$ 300,208	3-7 years
Leasehold improvements	101,517	101,517	3-12 years
	<u>432,155</u>	<u>401,725</u>	
Less: accumulated depreciation	344,845	319,909	
Property and Equipment, Net	<u><u>\$ 87,310</u></u>	<u><u>\$ 81,816</u></u>	

For the years ended December 31, 2025 and 2024, depreciation expense was \$24,936 and \$36,309, respectively.

6. LEASE ASSET AND LIABILITY - FINANCING

CLASP entered into a finance lease obligation for copiers due to expire in 2026. The monthly base lease payment is \$3,198 for the entire lease term. The lease was extended to 2030 and monthly payments increased to \$3,435 for the entire lease term. In connection with this lease, CLASP recorded a right of use asset and a corresponding finance lease liability in the amount of \$185,224 using an interest rate of 4.07%. The right-of-use asset and finance lease liability are amortized using the effective interest method.

Future minimum lease payments at December 31, 2025 are as follows:

<u>Years Ending December 31,</u>	<u>Amount</u>
2026	\$ 41,220
2027	41,220
2028	41,220
2029	41,220
2030	24,045
Total	<u>188,925</u>
Less: interest	16,256
Total	<u><u>\$ 172,669</u></u>

Interest expense for the years ended December 31, 2025 and 2024, was \$5,244 and \$2,661, respectively.

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Notes to the Financial Statements December 31, 2025 and 2024

7. LEASE ASSET AND LIABILITY - OPERATING

On October 10, 2019, CLASP entered into a sublease agreement for office space in Washington, D.C. The agreement commenced on June 1, 2020 and extends through May 31, 2032. Base rent is \$593,591 per year, increasing by a factor of 3% per year. Under this lease agreement, CLASP received rent abatement as follows: (i) the basic rent is abated for the first three (3) months of the first lease year; and (ii) the basic rent is abated for the first month of each of the second, third, fourth, fifth, sixth, seventh, and eighth years, as well an allowance for improvements not to exceed \$240,645. The lease also calls for CLASP to pay a security deposit in the amount of \$49,466. The security deposit is included in prepaid expenses and other assets in the accompanying statements of financial position.

As of December 31, 2025 and 2024, the lease cost, including imputed interest at 3.25%, and amortization of the right-of-use asset was \$657,122 and 671,308, respectively, and is included in occupancy expense in the accompanying statements of functional expenses.

The future minimum lease payments shown below reflect the rental payments through the termination date of the new lease.

<u>For the Years Ending December 31,</u>	<u>Amount</u>
2026	\$ 641,112
2027	660,345
2028	742,818
2029	765,102
2030	788,055
Thereafter	1,154,059
Total	4,751,491
Less: present value discount	490,232
Total	\$ 4,261,259

8. NET ASSETS WITH DONOR RESTRICTIONS

As of December 31, 2025 and 2024, net assets with donor restrictions were available for the following purposes:

	<u>2025</u>	<u>2024</u>
Purpose restricted funding	\$ 1,585,416	\$ 2,241,499
Time restricted funding	6,367,708	2,759,375
	<u>\$ 7,953,124</u>	<u>\$ 5,000,874</u>

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Notes to the Financial Statements December 31, 2025 and 2024

9. RETIREMENT PLAN

CLASP provided benefits to all eligible employees under a 403(b) defined contribution plan (the Plan). Employer contributions are discretionary. Consistent with CLASP's regular practices, CLASP contributes 4% of eligible employees' salary to the Plan, annually. Total contributions to the Plan for the years ended December 31, 2025 and 2024, were \$150,645 and \$242,215, respectively.

10. COMMITMENTS AND CONTINGENCIES

Grants

Some grants received by CLASP may be subject to audit by its donors. Until such audits have been completed or the time frame for the audit to occur has past, there exists a contingency that some funds may need to be refunded. Management is of the opinion that no material liability will result from such audits.