Bet Tzedek Legal Services

Financial Statements
and Single Audit Reports and Schedules

August 31, 2024
(With Comparative Totals for 2023)

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Bet Tzedek Legal Services

Opinion

We have audited the accompanying financial statements of Bet Tzedek Legal Services (the "Organization"), which comprise the statement of financial position as of August 31, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bet Tzedek Legal Services as of August 31, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Bet Tzedek Legal Services and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Change in Accounting Principle

As described in Note 2 to the financial statements, the Organization has adopted Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 326, *Financial Instruments - Credit Losses*. Our opinion is not modified with respect to these matters.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 Bet Tzedek Legal Services'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, including omissions, 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 Bet Tzedek Legal Services'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 Bet Tzedek Legal Services'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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 29, 2025, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited Bet Tzedek Legal Services's 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 14, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Amanino LLP

Los Angeles, California

April 29, 2025

Bet Tzedek Legal Services
Statement of Financial Position
August 31, 2024
(With Comparative Totals for 2023)

	2024	2023
ASSETS		
Cash and cash equivalents	$ 4,851,169	$ 4,392,757
Investments	17,207,541	14,870,288
Contributions and grants receivable	3,259,726	2,985,051
Prepaid expenses and other assets	225,522	87,675
Property and equipment, net	34,705	62,018
Right-of-use lease assets	4,649,889	5,133,718
Total assets	$ 30,228,552	$ 27,531,507
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	$ 1,518,067	$ 1,657,016
Right-of-use liabilities	4,883,006	5,306,570
Deferred revenue	1,372,305	1,350,915
Total liabilities	7,773,378	8,314,501
Net assets		
Without donor restrictions	14,567,071	13,015,590
With donor restrictions	7,888,103	6,201,416
Total net assets	22,455,174	19,217,006
Total liabilities and net assets	$ 30,228,552	$ 27,531,507

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

Bet Tzedek Legal Services
Statement of Activities
For the Year Ended August 31, 2024
(With Comparative Totals for 2023)

	Without Donor Restrictions	With Donor Restrictions	2024 Total	2023 Total
Revenues, gains, and support				
Donated subscriptions and services	$ 4,859,667	$ -	$ 4,859,667	$ 5,643,000
Private grants	2,517,470	2,893,448	5,410,918	5,838,276
Federal funds	3,926,990	-	3,926,990	4,153,545
Non-federal government grants	2,174,899	3,563,233	5,738,132	4,202,029
Fundraising from special events, net of direct costs of $441,669 and $419,573, respectively	1,985,355	-	1,985,355	2,029,549
Cy Pres	1,370,432	-	1,370,432	798,901
General contributions	652,353	382,852	1,035,205	664,633
Investment income appropriated for operations	534,974	-	534,974	499,358
Legal fees	9,718	-	9,718	3,170
Net assets released from restriction	5,382,896	(5,382,896)	-	-
Total revenues, gains, and support	23,414,754	1,456,637	24,871,391	23,832,461
Functional expenses				
Program services	20,293,151	-	20,293,151	19,552,583
Management and general	2,379,631	-	2,379,631	2,141,880
Fundraising	881,751	-	881,751	966,706
Total functional expenses	23,554,533	-	23,554,533	22,661,169
Change in net assets from operations	(139,779)	1,456,637	1,316,858	1,171,292
Non-operating investing activity				
Non-operating investment activity	1,691,260	765,024	2,456,284	1,084,876
Investment income appropriated for operations	-	(534,974)	(534,974)	(499,358)
Total non-operating investing activity	1,691,260	230,050	1,921,310	585,518
Change in net assets	1,551,481	1,686,687	3,238,168	1,756,810
Net assets, beginning of year	13,015,590	6,201,416	19,217,006	17,460,196
Net assets, end of year	$ 14,567,071	$ 7,888,103	$ 22,455,174	$ 19,217,006

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

Bet Tzedek Legal Services
Statement of Functional Expenses
For the Year Ended August 31, 2024
(With Comparative Totals for 2023)

	Program Services					Support Services				
	Elder Justice	Economic Justice	Housing and Homeowners	Children and Families	Total Program Services	Management and General	Fundraising	Total Support Services	2024 Total	2023 Total
Personnel expenses	$ 2,910,412	$ 2,424,622	$ 3,585,049	$ 3,019,223	$ 11,939,306	$ 1,458,287	$ 728,956	$ 2,187,243	$ 14,126,549	$ 12,843,091
Donated subscriptions and services	1,150,952	965,703	1,522,696	1,220,316	4,859,667	-	-	-	4,859,667	5,643,000
Staff training and education	8,743	7,336	11,567	9,270	36,916	3,863	2,146	6,009	42,925	79,411
Books and research materials	5,436	4,561	7,192	5,763	22,952	-	-	-	22,952	18,834
Depreciation and amortization	5,563	4,668	7,360	5,898	23,489	2,458	1,366	3,824	27,313	28,558
Insurance	25,102	21,062	33,210	26,615	105,989	11,092	6,162	17,254	123,243	120,961
Consulting fees	293,174	245,987	387,866	310,843	1,237,870	37,416	23,288	60,704	1,298,574	1,340,530
Litigation costs	7,854	6,590	10,391	8,328	33,163	-	-	-	33,163	43,109
Professional fees	41,818	35,087	55,325	44,338	176,568	18,478	10,264	28,742	205,310	134,034
Office expenses	204,144	171,287	270,081	216,448	861,960	75,351	71,255	146,606	1,008,566	1,034,400
Rent	134,910	113,196	178,484	143,040	569,630	59,612	33,119	92,731	662,361	671,230
Temporary help	78,432	65,808	103,765	83,159	331,164	703,723	-	703,723	1,034,887	556,280
Cost of direct benefit to donors	-	-	-	-	-	-	441,669	441,669	441,669	419,573
Travel	22,376	18,774	29,603	23,724	94,477	9,351	5,195	14,546	109,023	147,731
Total expenses	4,888,916	4,084,681	6,202,589	5,116,965	20,293,151	2,379,631	1,323,420	3,703,051	23,996,202	23,080,742
Less expenses included with revenues on the statement of activities										
Cost of direct benefit to donors	-	-	-	-	-	-	(441,669)	(441,669)	(441,669)	(419,573)
Total functional expenses	$ 4,888,916	$ 4,084,681	$ 6,202,589	$ 5,116,965	$ 20,293,151	$ 2,379,631	$ 881,751	$ 3,261,382	$ 23,554,533	$ 22,661,169
Percentage of total	20.8 %	17.4 %	26.3 %	21.7 %	86.2 %	10.1 %	3.7 %	13.8 %	100.0 %	

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

Bet Tzedek Legal Services
Statement of Cash Flows
For the Year Ended August 31, 2024
(With Comparative Totals for 2023)

	2024	2023
Cash flows from operating activities		
Change in net assets	$ 3,238,168	$ 1,756,810
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Realized and unrealized (gains) losses on investments	(1,852,653)	(616,968)
Depreciation and amortization	27,313	28,558
Reduction in carrying amount of right-of-use asset	483,829	469,600
Changes in operating assets and liabilities		
Contributions and grants receivable	(274,675)	(898,435)
Prepaid expenses and other assets	(137,847)	39,730
Accounts payable and accrued expenses	(138,949)	338,564
Deferred revenue	21,390	(141,203)
Operating lease liability	(423,564)	(296,748)
Net cash provided by operating activities	943,012	679,908
Cash flows from investing activities		
Purchase of investments	(484,600)	(401,654)
Net cash used in investing activities	(484,600)	(401,654)
Net increase in cash	458,412	278,254
Cash and cash equivalents, beginning of year	4,392,757	4,114,503
Cash and cash equivalents, end of year	$ 4,851,169	$ 4,392,757

Supplemental schedule of noncash investing and financing activities

Right-of-use lease assets obtained in exchange of lease obligations	$ -	$ 5,603,318
Disposal of fully depreciated property and equipment	$ -	$ 20,383

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

Bet Tzedek Legal Services
Notes to Financial Statements
August 31, 2024
(With Comparative Totals for 2023)

1. NATURE OF OPERATIONS

For 50 years, Bet Tzedek has been dedicated to addressing the urgent legal services need of the most vulnerable people in our community. Staff provide a continuum of free legal services, including community education and outreach, direct representation, self-help guidance, policy advocacy, and impact litigation. These efforts are supported and amplified by the agency enlisting thousands of volunteers every year that expand the reach and impact of Bet Tzedek's work in the community. Services are provided through four core program priorities:

- JUSTICE FOR SENIORS & DEPENDENT ADULTS: The need for senior-focused legal services has dramatically increased as L.A. County—like the rest of the nation—experiences an explosion of its senior population as Baby Boomers age and life expectancies continue to rise. At the same time, poverty rates among older individuals continue to rise, and seniors have the troubling distinction of being the fastest growing segment of the homeless population. Similarly, dependent adults and their caregivers face more complex needs. As dependent adult age expectancy increases, for example, caregivers require assistance making plans for their ongoing care and needs. As the region's only senior-focused legal aid organization, Bet Tzedek provides comprehensive elder law and dependent adult services to help these vulnerable segments of the population live in safety, security, and with dignity. Services include advocacy related to elder abuse prevention/intervention; scam protection, including an education and outreach effort delivered in collaboration with various community partners, including synagogues and other Jewish community partners; public benefits (MediCal, disability/SSI, housing, Veterans, InHome Supportive Services); housing stability; consumer debt; conservatorships; and caregiver legal needs. Bet Tzedek holds the distinction of being the only legal aid organization in the Southern California area with a dedicated advance planning and estate planning practice that includes the preparation of Advanced Health Care Directives, trusts, and other estate planning documents. In addition, Bet Tzedek is the only agency in California and one of only two agencies in the entire country with a unit focused on providing services to Holocaust survivors that include assistance with reparations, housing, elder law issues, and public benefits.

- JUSTICE FOR TAXPAYERS, WORKERS, & SMALL BUSINESS OWNERS: Bet Tzedek addresses three major problems commonly faced by individuals in the low-wage economy: wage theft, tax controversies, and the lack of entrepreneurial opportunity. Bet Tzedek helps low-wage workers fight for fair wages, safe working conditions, and equitable economic opportunities. Bet Tzedek operates the only tax advocacy program in Southern California designed to help low-income households reduce improper tax assessments and negotiate affordable resolutions to tax liabilities. Bet Tzedek also helps small business owners who have the building blocks for business success but may lack the knowledge to navigate often complex legal issues or the access to critical legal guidance.

1. NATURE OF OPERATIONS (continued)

- JUSTICE FOR TENANTS, HOMEOWNERS, AND UNHOUSED INDIVIDUALS: Bet Tzedek advocates for families and individuals to have access to stable, habitable, and affordable housing. By educating them on their rights and connecting them to legal resources, the agency supports tenants and homeowners at risk of losing their homes and people who experience homelessness. Services include helping low-income individuals address the myriad of legal issues which can lead to housing insecurity, including public benefit denials, immigration matters, and quality of life citations. Staff also assist those experiencing housing insecurity by representing low-income renters facing an eviction, as well as homeowners seeking to preserve their home ownership in the face of foreclosure, real estate fraud, and predatory lending and other unscrupulous consumer practices.

- JUSTICE FOR CHILDREN & FAMILIES: Bet Tzedek helps biological and chosen families remain intact. The Organization connects families with critical resources and provides legal support to create stability, resolve uncertain legal status, and help families access public benefits. Efforts currently focus on children living in out-of-home care with grandparents, aunts and uncles, and other care providers in what is often referred to as kinship care relationships. Services provided to kinship care families include assistance with probate guardianship and public benefits matters. In addition, services are provided to undocumented immigrant children in need of immigration assistances. Abused, abandoned, and neglected undocumented immigrant children are helped through guardianship and immigration proceedings to secure their legal permanent residency status, as well as serving as immigration counsel for foster children under the custody of the Los Angeles Department of Children and Family Services. Services are also provided on behalf of transgender and gender nonconforming individuals who require assistance with legal name and gender marker change court proceedings, those facing housing and employment discrimination, and members of the transgender community denied access to critical health care services.

1. NATURE OF OPERATIONS (continued)

Bet Tzedek is nationally recognized for leveraging staff to recruit, train and supervise volunteers, including hundreds of pro bono lawyers, to increase the number of clients the Organization serves. Bet Tzedek clients benefit from two distinct volunteer groups. The first are community volunteers who perform intake interviews, factual and legal research, staff clinics, prepare paperwork, and assist with other client services, including up to 150 law students a year. In fiscal year 2024 and 2023, these volunteers donated thousands of hours of their time, the value of which is estimated to be $4,061,289 and $4,942,559 respectively is included in the donated subscriptions and services line item in the statement of activities (see Note 2 - "Donated subscriptions and services"). In addition to the value that in-house volunteers provide our communities, Bet Tzedek also places clients' cases with hundreds of pro bono attorney and paralegal volunteers at law firms nationwide. Cases range from direct representation matters to representation on federal amicus briefs. Pro bono attorneys also serve as co-counsel on class action lawsuits. These pro bono volunteer hours are reported to the Organization after the end of each year, and as a result the 2024 amounts will be disclosed in the financial statements for the fiscal year ending August 31, 2025. What is available is the total contribution made in calendar year 2023: 30,976 hours of service by 1,275 volunteers, with an estimated value of $10,492,324. In the calendar year 2022: 34,863 hours of service by 1,363 volunteers, with an estimated value of $11,168,154. Bet Tzedek's efforts in marshalling volunteers and pro bono lawyers in innovative and impactful ways have resulted in Bet Tzedek receiving the American Bar Association's "Pro Bono Publico Award" for its Holocaust Survivor Justice Network, a national network of pro bono attorneys and social workers representing survivors in their application for reparations in over 30 cities. Bet Tzedek has also received the Pro Bono Institute's 2020 Corporate Pro Bono "Pro Bono Partner Award" for its pro bono collaboration with the law firm of Davis Wright and Tremaine, Amazon and Kids in Need of Defense to serve undocumented immigrant children.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Change in accounting principle

In June 2016 the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update ("ASC") 326, *Financial Instruments - Credit Losses* ("FASB ASC 326"), which significantly changed how entities measure credit losses for financial assets and certain other instruments that are not measured at fair value through net income. The most significant change in the standard is a shift from an "incurred loss" model to an "expected credit loss" model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing the entity's exposure to credit risk and the measurement of credit losses.

The Organization adopted FASB ASC 326 effective September 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in enhanced disclosures only.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of accounting and financial statement presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles ("GAAP") in the United States of America.

The Organization reports information regarding its financial position and activities based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- *Net assets without donor restrictions* - (See Note 7): 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 a board-designated endowment.
- *Net assets with donor restrictions* - (See Note 8): Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Use of estimates

The preparation of financial statements in conformity with GAAP 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.

Concentration of credit risk

Certain financial instruments held by the Organization potentially subject the Organization to concentrations of credit risk. These financial instruments include cash and cash equivalents, receivables and investments.

The Organization maintains its cash and cash equivalents accounts with high-credit, quality financial institutions; accounts at each institution are insured by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000. At times during the year, cash in these accounts may exceed the federally insured amounts. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash and cash equivalents.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Concentration of credit risk (continued)

Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the value of investment securities will occur in the near term and that such change could materially affect the amounts reported in the financial statements.

Cash and cash equivalents

The Organization considers cash on deposit and temporary investments with financial institutions with an original maturity of three months or less to be cash equivalents.

Contributions and grants receivable

The Organization records contributions and grants receivable, net of allowances for uncollectible amounts, whenever there is sufficient evidence in the form of verifiable documentation that an unconditional promise was made and received. The provision for allowances for uncollectible amounts is based on management's estimate of uncollectible accounts.

Management believes all contributions and grants receivable will be collected and an allowance for uncollectible accounts has not been established as of August 31, 2024 and August 31, 2023.

All contributions and grants receivable will be collected within one year.

Property and equipment

Property and equipment include the cost of the law library, furniture, equipment and leasehold improvements used in the operation of the Organization and related activities. Additions, improvements and renewals that materially extend the useful lives of the assets are capitalized if the cost of the asset is greater than or equal to $5,000 and the useful life is greater than one year.

Depreciation and amortization of property and equipment is computed using the straight-line method over the following estimated useful lives:

Computer equipment	3 - 5 years
Furniture and fixtures	3 - 5 years
Leasehold improvements	shorter of initial lease period or useful life of asset

When assets are retired or sold, the related costs and accumulated depreciation are removed from the accounts, and any profit or loss arising from such disposition is recorded as a gain or loss. Expenditures for repairs and maintenance are charged to expenses as incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Grants and revenue recognition

The Organization recognizes contributions when cash, securities, or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

The Organization recognizes government grant funds as contributions rather than exchange transactions when the recipients of services are members of the general public, rather than the government agency. Government grants frequently include a right of release and conditions. The Organization recognizes support revenues when any applicable conditions are met by the Organization and there is no longer a right of release. Conditions usually include expenditure of eligible costs. A receivable is recognized to the extent contract support earned exceeds cash advances. Conversely, a liability (refundable advance) is recorded when contract cash advances exceed support earned. As of August 31, 2024, conditional contributions totaling $8,457,764, have not been recognized in the accompanying statement of activities because the condition(s) on which they depend has not yet been met (see Note 4). Of this amount, $5,530,463 represent cost-reimbursable grant awards that have not been recognized as of August 31, 2024 because qualifying expenditures have not yet been incurred.

Grants received with conditions and donor restrictions that are met in the same reporting period are reported as support without donor restrictions and increase net assets without donor restrictions.

Contributions and pledges

Contributions, including unconditional promises to give, are recognized as revenues in the period the promise is received. Conditional promises to give are not recognized until they become unconditional; that is when the donor-imposed barriers have been met by the Organization and there is no longer a right of return or release. The Organization reports unconditional contributions as restricted support if they are received with donor stipulations that limit the use of the donated assets or are designated for a future period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Donated subscriptions and services

Donated subscriptions and services in the amount of $4,859,667 is comprised of $798,378 in donated subscriptions and $4,061,289 in donated services (see Note 1) in the period ended August 31, 2024. In the period ended August 31, 2023, $5,643,000 is comprised of $700,441 in donated subscriptions and $4,942,559 in donated services (see Note 1). Donated subscriptions are recorded at their fair value when an unconditional promise to give has been made or when subscriptions have been received. The value of the donation is based on appraisal and other objective bases for determining the value or, in certain instances, based on management's best estimate of the fair value. Donated services are comprised of in-kind support for contributed professional services of volunteer attorneys, paralegals and law clerks for services received from legal professionals based on the fiscal year.

Donated services represent an essential component of Bet Tzedek's service model and are recognized as matching funds by public grant makers if the services received (a) create or enhance long-lived assets, (b) require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Donated services are valued at rates normally charged by the volunteers for similar services. In fiscal year 2024 and 2023, Bet Tzedek received 16,675 and 20,925 hours respectively of donated services that were provided as part of case work overseen by Bet Tzedek attorneys, paralegals, and law students. These services are tracked and calculated on a monthly basis and reported as specific in-kind requirements for certain grants. Donated subscriptions and services are included as support and revenue and expensed for the same amount under donated subscriptions and services.

Legal fees

Legal fees represent court awarded or approved legal fees awarded to the Organization for successful lawsuits signed by the court during the year. Legal fees are recognized when they are estimable and probable, which is typically not until payment is received or all appeals have been exhausted.

Cy pres

Cy pres represents class action settlement awards approved by a court for distribution to Bet Tzedek when recovery for class members is impossible or impracticable, if class members are difficult to identify, or if unclaimed funds remain after all class members have received their portion of the settlement. Cy pres awards are recognized when the awards are received.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional allocation of expenses

The Organization allocated its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program or support service are allocated directly according to their functional expense classification. Expenses that are common to several functions are allocated based on monthly time charged to each program.

Income tax status

The Organization is exempt from federal income and California franchise taxes under Section 501(c)(3) of the Internal Revenue Code and the corresponding sections of the California Revenue and Taxation Code.

Reclassifications

Certain amounts presented in the prior year financial statements have been reclassified to conform to the current year presentation. Such reclassifications had no net effect on total assets, liabilities, net assets, changes in net assets, or cash flows from the amounts previously presented.

Subsequent events

The Organization has evaluated events subsequent to August 31, 2024, to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through April 29, 2025, the date the financial statements were available to be issued. Based upon this evaluation, it was determined no subsequent events occurred that require recognition or additional disclosure in the financial statements.

3. FAIR VALUE MEASUREMENT

Investments are measured at fair value and are classified and disclosed in one of the following categories based on inputs:

- *Level 1* - Quoted prices are available in active markets for identical instruments as of the reporting date. As the Organization's investments are comprised of investments in marketable securities with readily determinable fair values and debt securities, these would generally be classified as Level 1 inputs.
- *Level 2* - Pricing inputs are observable for the instruments, either directly or indirectly, as of the reporting date but are other than quoted prices in active markets as in Level 1.
- *Level 3* - Pricing inputs are unobservable for the instrument and include situations where there is little, if any, market activity for the instrument.

3. FAIR VALUE MEASUREMENT (continued)

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the determination of which category within the fair value hierarchy is appropriate for any given instrument is based on the lowest level of input that is significant to the fair value measurement. The Organization's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the instrument.

The majority of the Organization's investments consist of funds that have been restricted by donors or designated by the board of directors as endowment funds (see Note 9). The Organization's investments are managed as a single diversified portfolio governed by the Organization's investment policy, which sets asset allocation ranges for marketable and nonmarketable investments. All investments are currently in publicly traded mutual funds.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of August 31, 2024:

	Level 1	Level 2	Level 3	Fair Value
Equities	$ 9,722,042	$ -	$ -	$ 9,722,042
Fixed income	7,485,499	-	-	7,485,499
	$ 17,207,541	$ -	$ -	$ 17,207,541

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of August 31, 2023:

	Level 1	Level 2	Level 3	Fair Value
Equities	$ 7,892,362	$ -	$ -	$ 7,892,362
Fixed income	6,977,926	-	-	6,977,926
	$ 14,870,288	$ -	$ -	$ 14,870,288

4. CONDITIONAL GRANTS

The Organization is a recipient of a number of contracts and grants that have been determined to contain both a right of return or release and a specific performance barrier. While many of these arrangements contain barriers, such as provision of a required number of hours or units or service, the majority of these arrangements are also subject to cost reimbursement requirements.

4. CONDITIONAL GRANTS (continued)

Funds promised and not yet received or recorded under conditional grants consist of the following:

	2024	2023
Federal grants subject to cost reimbursement arrangements	$ 5,330,463	$ 5,004,710
State grants	148,333	173,067
Non-federal government grants	2,978,968	2,594,254
	$ 8,457,764	$ 7,772,031

5. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	2024	2023
Computer equipment	$ 96,103	$ 96,103
Furniture and fixtures	233,213	233,213
Leasehold improvements	50,787	50,787
	380,103	380,103
Accumulated depreciation and amortization	(345,398)	(318,085)
	$ 34,705	$ 62,018

Depreciation and amortization expense for the years ended August 31, 2024 and August 31, 2023 was $27,313 and $28,558, respectively.

6. LINE OF CREDIT

The Organization has a line of credit with a maximum loan commitment of $1,000,000 and bears interest at the bank's prime rate (8.50% as of August 31, 2024) per annum. Borrowings on the line are secured by the Organization's business assets. The line of credit matures on April 30, 2025. As of August 31, 2024 and August 31, 2023, there was $1,000,000 available on the line of credit.

7. NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions consist of the following:

	2024	2023
Board-designated endowment	$ 9,551,918	$ 7,670,344
Undesignated	7,013,690	5,345,246
	$ 16,565,608	$ 13,015,590

8. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following:

	2024	2023
Subject to expenditure for specified purpose:		
Justice for Seniors & Dependent Adults	$ 697,825	$ 358,992
Justice for Taxpayers, Workers, & Small Business Owners	651,067	541,665
Justice for Tenants, Homeowners, & Unhoused Individuals	999,668	75,000
Justice for Children & Families	477,269	378,400
Adler Fellowships	54,234	64,720
Other programs	37,500	425,000
	2,917,563	1,843,777
Time restricted:		
Earnings on donor-restricted endowments not yet appropriated for spending	429,127	199,078
Contributions and grants receivable	382,852	-
	811,979	199,078
Donor-restricted endowment funds:		
Donor corpus restricted in perpetuity	4,158,561	4,158,561
	4,158,561	4,158,561
	$ 7,888,103	$ 6,201,416

8. NET ASSETS WITH DONOR RESTRICTIONS (continued)

Net assets with donor restrictions released from restriction during the year consisted of the following:

	2024	2023
Justice for seniors & dependent adults	$ 1,249,793	$ 1,421,938
Justice for taxpayers, workers, & small business owners	840,421	933,061
Justice for tenants, homeowners, & unhoused individuals	1,036,155	1,506,402
Justice for children & families	1,571,029	1,304,895
Adler fellowships	164,896	-
Other programs	520,602	366,500
	$ 5,382,896	$ 5,532,796

9. DONOR RESTRICTED AND BOARD DESIGNATED ENDOWMENTS

The Organization's endowment funds consist of three separate funds, of which two funds are restricted by donors and one fund is designated by the board of directors. The endowment funds were established for a variety of purposes to benefit the Organization.

Interpretation of relevant law

The Organization's governing board has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization retains the original value of all gifts to the donor-restricted endowment plus unspent accumulated earnings in accordance with the applicable donor gift instrument.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund

(2) The purposes of the organization and the donor-restricted endowment fund

(3) General economic conditions

(4) The possible effect of inflation and deflation

(5) The expected total return from income and the appreciation of investments

(6) Other resources of the Organization

(7) The investment policies of the Organization

9. DONOR RESTRICTED AND BOARD DESIGNATED ENDOWMENTS (continued)

Strategies employed for achieving objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization's general policy is to diversify investments within both equity and fixed-income securities to provide a balance that will enhance total return while avoiding undue risk concentration in any single asset class or investment category. The Organization believes that a balanced approach to portfolio management is required to reduce volatility and prudently maximize total return for the long term. The Organization recognizes that economic and security market conditions are not constant but ever-changing and, as a result, continuous portfolio adjustments will be required.

Return objectives and risk parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets.

Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce total returns (net of inflation) in excess of the endowment spend-out rate, thus allowing for real growth of endowment assets while assuming a moderate level of investment risk.

Spending policy and how investment objectives relate to spending policy

The Organization has a policy to distribute 4.5% of the trailing three-year average of the endowment's total invested asset value each year, so long as the endowment corpus continues to exceed $2 million. In establishing this policy, the Organization considered the long-term returns expected on its endowment. Accordingly, over the long term, the Organization expects the current spending policy to allow its endowment to grow annually. This is consistent with the Organization's objective to maintain the purchasing power of the endowment asset held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return. The Organization reinvests funds budgeted, but unused, from its operating appropriation into its board-designated endowment.

Funds

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. There were no such deficiencies as of August 31, 2024.

9. DONOR RESTRICTED AND BOARD DESIGNATED ENDOWMENTS (continued)

Funds (continued)

Endowment net asset composition by type of fund as of August 31, 2024 was as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ 9,551,918	$ -	$ 9,551,918
Endowments restricted by donors in perpetuity	-	4,158,561	4,158,561
Accumulated investment gains on donor-restricted endowments	-	429,127	429,127
	$ 9,551,918	$ 4,587,688	$ 14,139,606

Endowment net asset composition by type of fund as of August 31, 2023 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ 7,670,344	$ -	$ 7,670,344
Endowments restricted by donors in perpetuity	-	4,158,561	4,158,561
Accumulated investment gains on donor-restricted endowments	-	199,078	199,078
	$ 7,670,344	$ 4,357,639	$ 12,027,983

9. DONOR RESTRICTED AND BOARD DESIGNATED ENDOWMENTS (continued)

Funds (continued)

Changes in endowment net assets for the fiscal year ended August 31, 2024 were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Balance, August 31, 2023	$ 7,670,344	$ 4,357,639	$ 12,027,983
Net investment return			
Interest and dividends, net of fees	235,573	133,833	369,406
Realized and unrealized gains on investments	1,111,027	631,190	1,742,217
Appropriation of endowment assets for expenditure	-	(534,974)	(534,974)
Transfer to Board-designated endowment	534,974	-	534,974
Balance, August 31, 2024	$ 9,551,918	$ 4,587,688	$ 14,139,606

Changes in endowment net assets for the fiscal year ended August 31, 2023 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Balance, August 31, 2022	$ 6,602,127	$ 4,471,702	$ 11,073,829
Interest and dividends, net of fees	192,884	130,643	323,527
Realized/unrealized appreciation on investments	375,975	254,652	630,627
Appropriation of endowment net assets for expenditure	-	(499,358)	(499,358)
Transfer to endowment	499,358	-	499,358
Balance, August 31, 2023	$ 7,670,344	$ 4,357,639	$ 12,027,983

10. RETIREMENT BENEFITS

Employees of the Organization hired before January 1, 2006 are eligible to receive benefits under a multi-employer defined benefit pension plan. The plan is administered by the Jewish Federation Council of Greater Los Angeles ("the plan"). Contributions are determined in accordance with the provisions of the plan. Information with respect to the Organization's proportionate share of the excess, if any, of the actuarial computed value of vested benefits over the total of the pension plan's net assets is not available from the plan's administrator.

10. RETIREMENT BENEFITS (continued)

The Multiemployer Pension Plan Amendments Act of 1980 (the "Act") significantly increased the pension responsibilities of participating employers. Under the provisions of the Act, if the plan terminates or the Organization withdraws, the Organization could be subject to a substantial withdrawal liability. The Organization has no plans to withdraw from the plan as of August 31, 2024.

The risks to the Organization of participating in this multiemployer pension plan are different from single-employer plans in the following aspects:

1. Assets contributed to the multiemployer plan by one employer must be used to provide benefits to employees of other participating employers.
2. If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
3. If the Organization chooses to stop participating in some of its multiemployer plans, the Organization may be required to pay those plans an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

Details of the pension plan are as follows:

Pension Fund Name	EIN/ Pension Plan #	Projection Zone Status	FIP/PP Status Pending/ Implemented	Contributions to Plan from the Organization During the Year Ended August 31, 2024	Surcharge on Contributions	Expiration of Collective Bargaining Agreement
Basic Plan of the Jewish Federation Council of Greater Los Angeles	95-1643388/ 001	Green	N/A	$ 400,773	No	December 31, 2025

The Organization's contributions to the plan during calendar year 2023 were less than 5% of the total contributions made. The contributions are made pursuant to a collective bargaining agreement ("CBA"). The CBA expiration is December 31, 2025.

A Form 5500 has been filed for the plan for the annual period ended December 31, 2023.

A defined contribution plan is also offered to the employees.

Pension expense for the year ended August 31, 2024 and August 31, 2023 totaled $791,934 and $757,699, respectively. In 2024 of the total pension expense, $400,773 in expense was incurred for the defined benefit plan, and $391,161 was incurred for the defined contribution plan. In 2023 of the total pension expense, $401,041 in expense was incurred for the defined benefit plan, and $356,658 was incurred for the defined benefit contribution plan.

11. COMMITMENTS AND CONTINGENCIES

Operating lease

The Organization leases office space under an operating lease which includes periods of abated and discounted rents and escalating payments. Rent expense in the amount of $662,361 was incurred during fiscal year 2024.

The right-of-use assets are detailed as follows:

	2024	2023
Right-of-use assets-operating	$ 4,649,889	$ 5,133,718

The right-of-use lease liabilities are detailed as follows:

	2024	2023
Lease liabilities, current portion		
Right-of-use liabilities-operating	$ 457,148	$ 780,627
Lease liabilities, net of current portion		
Right-of-use liabilities-operating	4,425,858	4,525,943
	$ 4,883,006	$ 5,306,570

Lease costs for the year consisted of the following:

	2024	2023
Operating lease costs		
Monthly scheduled rent	$ 662,361	$ 662,361

The weighted-average lease terms and discount rates are as follows:

	2024	2023
Weighted-average remaining lease term - operating lease	8.18	9.18
Weighted-average discount rate - operating lease	3.53%	3.53 %

11. COMMITMENTS AND CONTINGENCIES (continued)

Operating lease (continued)

Future minimum lease payments under the operating lease are as follows:

Year ending August 31,	
2025	$ 620,158
2026	638,763
2027	657,926
2028	677,664
2029	697,994
Thereafter	2,349,891
	5,642,396
Less: imputed interest	(759,390)
	$ 4,883,006

Litigation

The Organization, from time to time, is involved in certain legal matters which arise in the normal course of business. Management believes that any resolution of such matters will not have a material adverse effect on the Organization's financial position.

Government funding

Bet Tzedek receives funding from federal programs. One of these sources is unlikely to continue as it is special pandemic-related funding that was used to expand programs. Other non-Federal sources have committed additional funding to allow the programmatic activity to continue. The other significant federal programs have not been identified as under review by the Trump administration, but there is a risk that future funding may be reduced, restructured, or eliminated. Any such changes could impact the organization's ability to continue certain programs or services that rely on this funding. Management is monitoring these developments and will assess their impact as more information becomes available.

12. LIQUIDITY AND AVAILABILITY

The Organization is significantly supported by contributions with donor restrictions. The Organization maintains sufficient resources to meet its responsibilities to its donors. The Organization's liquidity management policy is designed to provide that its remaining financial assets are available for operations as its general expenditures, liabilities, and other obligations come due.

12. LIQUIDITY AND AVAILABILITY (continued)

The following reflects the Organization's financial assets reported on the statement of financial position, reduced by amounts not available for general use within one year because of contractual or donor-imposed restrictions.

Liquidity of financial assets as of August 31, 2024 is as follows:

	2024	2023
Cash and cash equivalents	$ 4,851,169	$ 4,392,757
Investments	17,207,541	14,870,288
Contributions and grants receivable	3,259,726	2,985,051
	25,318,436	22,248,096
Board-designated endowment (Note 7), less fiscal year 2025 appropriation of $573,000 and 2024 appropriation of $551,000	(8,978,918)	(7,119,344)
Net assets with donor restrictions (Note 8)	(7,888,103)	(6,201,416)
Net liquid assets available for operations	$ 8,451,415	$ 8,927,336

Additionally, as discussed in more detail in Note 6, the Organization maintains a $1,000,000 line of credit, of which $1,000,000 remained available on August 31, 2024.

SINGLE AUDIT REPORTS AND SCHEDULES

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
Bet Tzedek Legal Services

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 Bet Tzedek Legal Services (the "Organization"), which comprise the statement of financial position as of August 31, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended and the related notes to the financial statements, and have issued our report thereon dated April 29, 2025.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2024-001 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Amanino LLP

Los Angeles, California

April 29, 2025

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM, INTERNAL CONTROL OVER COMPLIANCE, AND ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors
Bet Tzedek Legal Services

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Bet Tzedek Legal Services (the "Organization")'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended August 31, 2024. The Organization'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 Organization 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 August 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 the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 the Organization'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 the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the Organization as of and for the year ended August 31, 2024, and have issued our report thereon dated April 29, 2025, which contained an unmodified opinion on those financial statements. 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 is presented for purposes of additional analysis as required by the Uniform Guidance 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Amanino LLP

Los Angeles, California

April 29, 2025

Bet Tzedek Legal Services
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2024

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Contract Period	Contract Amount	Total Expenditures	Passed Through to Subrecipients
Expenditures of Federal Awards						
U.S. Department of Housing and Urban Development						
Community Development Block Grant Cluster						
Pass-through program from: City of Los Angeles, Economic and Workforce Development Department						
Los Angeles BusinessSource Centers (LABSC) Centralized Services; Legal Assistance to Small Businesses	14.218	C-145280	01/01/24-06/30/24	$ 271,000	$ 110,708	$ 18,871
Los Angeles BusinessSource Centers (LABSC) Centralized Services; Legal Assistance to Small Businesses	14.218	C-146598	07/01/24-06/30/25	200,000	33,590	-
					144,298	18,871
Total Community Development Block Grant Cluster					144,298	18,871
Total U.S. Department of Housing and Urban Development					144,298	18,871

The accompanying notes to the Schedule of Expenditures of Federal Awards
are an integral part of this schedule.

Bet Tzedek Legal Services
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2024

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Contract Period	Contract Amount	Total Expenditures	Passed Through to Subrecipients
U.S. Department of Justice						
Crime Victim Assistance						
Pass-through program from: State of California						
Victim Legal Assistance (XL) Program	16.575	V2-GX-0053/V2-GX-0031	01/01/23-12/31/23	206,000	29,685	-
Unserved/Underserved Victim Advocacy and Outreach	16.575	V2-GX-0053/V2-GX-0031	01/01/23-12/31/23	196,906	105,075	-
Victim Legal Assistance (XL) Program	16.575	15POVC-22-66-00708 ASSI	01/01/24-12/31/24	214,000	172,066	-
Unserved/Underserved Victim Advocacy and Outreach	16.575	15POVC-23-66-00708 ASSI	01/01/24-12/31/24	196,906	115,683	-
Total Crime Victim Assistance					422,509	-
Crime Victim Assistance/Discretionary Grants						
Pass-through program from: Office for Victims of Crime						
Victims of Crimes - Elder DOJ	16.582	V3-GX-0062	10/01/20-09/30/23	500,000	11,903	-
Total Crime Victim Assistance/Discretionary Grants					11,903	-
Total U.S. Department of Justice					434,412	-

The accompanying notes to the Schedule of Expenditures of Federal Awards
are an integral part of this schedule.

Bet Tzedek Legal Services
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2024

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Contract Period	Contract Amount	Total Expenditures	Passed Through to Subrecipients
U.S. Department of Treasury						
Low Income Taxpayer Clinics						
Pass-through program from: Internal Revenue Service						
Low Income Taxpayer Clinic (LITC)	21.008	23-LITC 0609-01-01	01/01/23-12/31/23	132,130	49,304	-
Low Income Taxpayer Clinic (LITC)	21.008	24-LITC 0609-02-01	01/01/24-12/31/24	100,000	57,635	-
Total Low Income Taxpayer Clinics					106,939	-
Coronavirus State and Local Fiscal Recovery Funds						
Pass-through program from: County of Los Angeles, Consumers and Business Affairs						
Leaving a Legacy Project	21.027	ARP-CA-24-003	10/30/23-12/31/24	2,265,000	627,705	-
Pass-through program from: County of Los Angeles, Department of Economic Opportunity						
COVID-19 Small Business Legal Aid Program	21.027	ARP-CA-22-001	02/07/22-12/31/26	2,553,000	494,803	245,300
Pass-through program from: Legal Aid Foundation of Los Angeles						
Eviction Defense Program	21.027	CA-22-019	05/15/22-06/30/26	1,258,245	300,098	-
Pass-through program from: Public Counsel						
Homeownership Preservation Project	21.027	SLFRP3211	10/01/22-12/31/24	111,427	22,459	-
Pass-through program from: State Bar of California						
Foreclosure Prevention and Homeowners Protection Capacity-Building Project	21.027	SLFRP3211	12/01/21-12/31/24	2,053,673	583,988	-
Total Coronavirus State and Local Fiscal Recovery Funds					2,029,053	245,300
Total U.S. Department of Treasury					2,135,992	245,300

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

Bet Tzedek Legal Services
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2024

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Contract Period	Contract Amount	Total Expenditures	Passed Through to Subrecipients
U.S. Department of Health and Human Services						
Aging Cluster						
Pass-through program from: City of Los Angeles, Department of Aging						
Title III-B Legal Services	93.044	C-142914	07/01/22-09/30/24	336,832	71,786	-
Senior Legal Services	93.044	C-142914	07/01/22-09/30/24	1,571,591	429,802	-
OAA Title III-B Legal Services	93.044	C-144692	07/01/23-06/30/24	265,414	221,176	-
Title III B City Laws OTO	93.044	C-144692	07/01/23-06/30/24	32,698	27,720	-
OAA Title III-B Legal Services	93.044	C-146841	07/01/24-06/30/25	219,465	-	-
					750,484	-
Pass-through program from: County of Los Angeles, Aging and Disabilities Department						
Traditional Legal Assistance Program - OAA Title III-B	93.044	TLAP 2324	07/01/23-06/30/24	309,000	162,394	-
Traditional Legal Assistance Program - OAA Title III-E	93.044	TLAP 2324	07/01/23-06/30/24	90,000	23,333	-
Traditional Legal Assistance Program - OAA Title III-B	93.044	TLAP 2425	07/01/24-06/30/25	309,000	24,124	-
Traditional Legal Assistance Program - OAA Title III-E	93.044	TLAP 2425	07/01/24-06/30/25	92,900	-	-
					209,851	-
Total Aging Cluster					960,335	-

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

Bet Tzedek Legal Services
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2024

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Contract Period	Contract Amount	Total Expenditures	Passed Through to Subrecipients
National Family Caregiver Support, Title III, Part E						
Pass-through program from: City of Los Angeles, Department of Aging						
Title III-E, Caregiver/Kinship Legal Services	93.052	C-142914	07/01/22-09/30/24	222,048	79,051	-
Older Adults Recovery and Resilience (OARR)	93.052	C-142914	07/01/22-09/30/24	31,588	3,441	-
OAA Title III-E, Caregiver/Kinship Legal Services	93.052	C-144692	07/01/23-06/30/24	174,720	85,222	-
Title III E City Laws OTO	93.052	C-144692	07/01/23-06/30/24	114,099	22,412	-
OAA Title III-E, Caregiver/Kinship Legal Services	93.052	C-146841	07/01/24-06/30/25	184,795	8,963	-
					199,089	-
Pass-through program from: County of Los Angeles						
Title III E County Laws	93.052	TLAP 2324	07/01/23-06/30/24	90,000	35,235	-
Title III E County Laws	93.052	TLAP 2425	07/01/24-06/30/25	92,900	17,629	-
					52,864	-
Total National Family Caregiver Support, Title III, Part E					251,953	-
Total U.S. Department of Health and Human Services					1,212,288	-
Total Expenditures of Federal Awards					$ 3,926,990	$ 264,171

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

Bet Tzedek Legal Services
Notes to Schedule of Expenditures of Federal Awards
August 31, 2024

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Bet Tzedek Legal Services (the "Organization") and is presented using 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). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3. PASS-THROUGH AWARDS

Bet Tzedek receives federal awards from pass-through agencies. The total amount of such pass-through awards is included on the Schedule of Expenditures of Federal Awards.

4. INDIRECT COST RATE

The Organization has elected to use the 10% de minimis interest cost rate as allowed under the Uniform Guidance. Some funding sources cap indirect cost rate reimbursements below this rate.

5. SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through April 29, 2025, the date the Schedule was available to be issued. The Organization is not aware of any subsequent events which would require recognition or disclosure in the Schedule.

Bet Tzedek Legal Services
Schedule of Findings and Questioned Costs
For the Year Ended August 31, 2024

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	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 200.516(a)?	No
Identification of major programs:	

Name of Federal Program or Cluster	Assistance Listing Number
Coronavirus State and Local Fiscal Recovery Funds	21.027
Aging Cluster	93.044

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

Bet Tzedek Legal Services
Schedule of Findings and Questioned Costs
For the Year Ended August 31, 2024

SECTION II - SUMMARY OF FINANCIAL STATEMENT FINDINGS

Finding number:	**2024-001**
Criteria:	In accordance with 2 CFR §200.510(b), organizations are required to prepare an accurate schedule of sources and uses of federal awards on the schedule of expenditures of federal awards (SEFA).
Condition:	The schedule of expenditures of federal awards prepared by Bet Tzedek's management included local awards that lacked federal funding, resulting in non-federal expenditures being included in the initial determination of major programs.
Cause:	This appears to have resulted from a misinterpretation of the award information provided by the funder, leading to the improper classification of the award as pass-through federal funding. Turnover in Bet Tzedek's grants management team resulted in less capacity to review each grant as the SEFA was prepared.
Effect or potential effect:	The schedule of expenditures of federal awards prepared by Bet Tzedek's management included $815,283 in expenditures of non-federal awards, necessitating adjustment to the schedule.
Recommendation:	Bet Tzedek management should enhance its review procedures to verify the source of funding for all awards. When award information is unclear or there is uncertainty regarding the source of funding, management should contact the funder to confirm the source.
View of responsible officials:	Management is working on prompt corrective action plan to address improving our internal controls over the preparation of the SEFA schedule. The action plan will include the following: 1) Develop a process of summarizing agreements: We will improve on the review of grant contracts and provide grant summaries leveraging AI technology to improve on the interpretation of grant award information provided by funders to properly classify awards as sub-recipients as pass-through federal funding. Further, in the periodic meetings with our funding partners we will be intentional about confirming the funding sources to better inform our preparation and related testing by the auditors of the SEFA Schedule. 2) Improve the capacity of our grants management team: We added a Finance Grants Manager in March and will be adding a Senior Grants Accountant on May 1 which will provide better oversight to the accuracy in the preparation of the SEFA schedule. We have also added a Vice President of Grants Implementation & Compliance to facilitate the collaboration of grants compliance with our Finance, Programs and Grants teams.

SECTION III - SUMMARY OF FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There are no federal award findings to be reported.

Bet Tzedek Legal Services
Summary Schedule of Prior Audit Findings
For the Year Ended August 31, 2024

There were no prior year findings.