Greater Boston Legal Services

Financial Statements

June 30, 2025 and 2024

Greater Boston Legal Services, Inc.
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June 30, 2025 and 2024

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**Independent Auditor's Report**

To the Board of Directors of
Greater Boston Legal Services, Inc.:

***Opinion***

We have audited the financial statements of Greater Boston Legal Services, Inc. (a Massachusetts nonprofit corporation) (GBLS), which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities, changes in net assets, cash flows, and functional expenses 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 Greater Boston Legal Services, Inc. as of June 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (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 GBLS 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.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about GBLS’s ability to continue as a going concern within one year after the date that the financial statements are 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 control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS 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 GBLS'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 GBLS'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.

AAFCPAs, Inc.

Westborough, Massachusetts
November 10, 2025

# Greater Boston Legal Services, Inc.

Statement of Financial Position

As of June 30, 2025

| | Without Donor Restrictions | | | | | |
|---|---|---|---|---|---|---|
| | Operating | Board Designated | Property and Equipment | Total Without Donor Restrictions | With Donor Restrictions | Total |
| **Assets** | | | | | | |
| **Current Assets** | | | | | | |
| Cash and cash equivalents | $ 10,325,507 | $ - | $ - | $ 10,325,507 | $ 1,162,284 | $ 11,487,791 |
| Cash - client escrow | 182,484 | - | - | 182,484 | - | 182,484 |
| Cash - funds held for others | 177,000 | - | - | 177,000 | - | 177,000 |
| Grants, pledges and contracts receivable | 1,703,513 | - | - | 1,703,513 | 900,000 | 2,603,513 |
| Prepaid expenses, deposits and other | 335,414 | 162,770 | - | 498,184 | - | 498,184 |
| **Total current assets** | 12,723,918 | 162,770 | - | 12,886,688 | 2,062,284 | 14,948,972 |
| Pledges receivable, net of current portion | - | - | - | - | 900,000 | 900,000 |
| Investments | - | 26,780,804 | 3,370,764 | 30,151,568 | 11,578,891 | 41,730,459 |
| Property and equipment, net | - | - | 4,540,340 | 4,540,340 | - | 4,540,340 |
| **Total assets** | $ 12,723,918 | $ 26,943,574 | $ 7,911,104 | $ 47,578,596 | $ 14,541,175 | $ 62,119,771 |
| **Liabilities and Net Assets** | | | | | | |
| **Current Liabilities:** | | | | | | |
| Client escrow payable | $ 182,484 | $ - | $ - | $ 182,484 | $ - | $ 182,484 |
| Funds held for others | 177,000 | - | - | 177,000 | - | 177,000 |
| Accrued compensation | 2,880,339 | - | - | 2,880,339 | - | 2,880,339 |
| Accounts payable and other accrued expenses | 369,734 | - | - | 369,734 | - | 369,734 |
| Refundable advance | 138,868 | - | - | 138,868 | - | 138,868 |
| **Total current liabilities** | 3,748,425 | - | - | 3,748,425 | - | 3,748,425 |
| **Net Assets** | | | | | | |
| **Without donor restrictions** | | | | | | |
| Operating | 8,975,493 | - | - | 8,975,493 | - | 8,975,493 |
| Board Designated - functioning as endowment | - | 26,943,574 | - | 26,943,574 | - | 26,943,574 |
| Board Designated - property and equipment | - | - | 3,370,764 | 3,370,764 | - | 3,370,764 |
| Property and equipment | - | - | 4,540,340 | 4,540,340 | - | 4,540,340 |
| **Total without donor restrictions** | 8,975,493 | 26,943,574 | 7,911,104 | 43,830,171 | - | 43,830,171 |
| With donor restrictions | - | - | - | - | 14,541,175 | 14,541,175 |
| **Total net assets** | 8,975,493 | 26,943,574 | 7,911,104 | 43,830,171 | 14,541,175 | 58,371,346 |
| **Total liabilities and net assets** | $ 12,723,918 | $ 26,943,574 | $ 7,911,104 | $ 47,578,596 | $ 14,541,175 | $ 62,119,771 |

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

# Greater Boston Legal Services, Inc.
Statement of Financial Position
As of June 30, 2024

| | Without Donor Restrictions | | | | | |
|---|---|---|---|---|---|---|
| | Operating | Board Designated | Property and Equipment | Total Without Donor Restrictions | With Donor Restrictions | Total |
| **Assets** | | | | | | |
| **Current Assets** | | | | | | |
| Cash and cash equivalents | $ 7,816,804 | $ - | $ - | $ 7,816,804 | $ 1,153,377 | $ 8,970,181 |
| Cash - client escrow | 178,223 | - | - | 178,223 | - | 178,223 |
| Cash - funds held for others | 204,000 | - | - | 204,000 | - | 204,000 |
| Grants, pledges and contracts receivable | 1,611,295 | - | - | 1,611,295 | 900,000 | 2,511,295 |
| Prepaid expenses, deposits and other | 24,638 | 172,571 | - | 197,209 | - | 197,209 |
| **Total current assets** | 9,834,960 | 172,571 | - | 10,007,531 | 2,053,377 | 12,060,908 |
| Pledges receivable, net of current portion | - | - | - | - | 1,800,000 | 1,800,000 |
| Investments | - | 23,327,062 | 3,078,573 | 26,405,635 | 10,498,959 | 36,904,594 |
| Construction in process | - | - | 1,071,586 | 1,071,586 | - | 1,071,586 |
| Property and equipment, net | - | - | 3,067,892 | 3,067,892 | - | 3,067,892 |
| **Total assets** | $ 9,834,960 | $ 23,499,633 | $ 7,218,051 | $ 40,552,644 | $ 14,352,336 | $ 54,904,980 |
| **Liabilities and Net Assets** | | | | | | |
| **Current Liabilities** | | | | | | |
| Client escrow payable | $ 178,223 | $ - | $ - | $ 178,223 | $ - | $ 178,223 |
| Funds held for others | 204,000 | - | - | 204,000 | - | 204,000 |
| Accrued compensation | 2,253,737 | - | - | 2,253,737 | - | 2,253,737 |
| Accounts payable and other accrued expenses | 373,297 | - | 244,009 | 617,306 | - | 617,306 |
| Refundable advance | 187,494 | - | - | 187,494 | - | 187,494 |
| **Total current liabilities** | 3,196,751 | - | 244,009 | 3,440,760 | - | 3,440,760 |
| **Net Assets** | | | | | | |
| **Without donor restrictions:** | | | | | | |
| Operating | 6,638,209 | - | - | 6,638,209 | - | 6,638,209 |
| Board Designated - functioning as endowment | - | 23,499,633 | - | 23,499,633 | - | 23,499,633 |
| Board Designated - property and equipment | - | - | 3,078,573 | 3,078,573 | - | 3,078,573 |
| Property and equipment | - | - | 3,895,469 | 3,895,469 | - | 3,895,469 |
| **Total without donor restrictions** | 6,638,209 | 23,499,633 | 6,974,042 | 37,111,884 | - | 37,111,884 |
| With donor restrictions | - | - | - | - | 14,352,336 | 14,352,336 |
| **Total net assets** | 6,638,209 | 23,499,633 | 6,974,042 | 37,111,884 | 14,352,336 | 51,464,220 |
| **Total liabilities and net assets** | $ 9,834,960 | $ 23,499,633 | $ 7,218,051 | $ 40,552,644 | $ 14,352,336 | $ 54,904,980 |

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

**Greater Boston Legal Services, Inc.**
Statement of Activities
For the Year Ended June 30, 2025

| | Without Donor Restrictions | | | | With Donor Restrictions | | | |
|---|---|---|---|---|---|---|---|---|
| | Operating | Board Designated | Property and Equipment | Total Without Donor Restrictions | Program and Time Restricted | Appreciation on Donor Restricted Endowments Held in Perpetuity | Total With Donor Restrictions | Total |
| **Operating Revenue and Support:** | | | | | | | | |
| Grants and contracts | $ 19,640,981 | $ - | $ - | $ 19,640,981 | $ - | $ - | $ - | $ 19,640,981 |
| Contributions and promises | 9,226,082 | - | - | 9,226,082 | 875,381 | - | 875,381 | 10,101,463 |
| Attorney fees | 303,957 | - | - | 303,957 | - | - | - | 303,957 |
| Interest and other income | 240,314 | - | - | 240,314 | - | - | - | 240,314 |
| Net assets released from donor restrictions: | | | | | | | | |
| Satisfaction of time restriction | 1,231,901 | - | - | 1,231,901 | (1,231,901) | - | (1,231,901) | - |
| Satisfaction of program restriction | 529,339 | - | - | 529,339 | (529,339) | - | (529,339) | - |
| **Total operating revenue and support before donated services** | 31,172,574 | - | - | 31,172,574 | (885,859) | - | (885,859) | 30,286,715 |
| Donated services | 953,308 | - | - | 953,308 | - | - | - | 953,308 |
| **Total operating revenue and support** | 32,125,882 | - | - | 32,125,882 | (885,859) | - | (885,859) | 31,240,023 |
| **Operating Expenses** | | | | | | | | |
| Program services | 24,129,864 | - | 204,726 | 24,334,590 | - | - | - | 24,334,590 |
| General and Administrative | 2,382,368 | - | 13,440 | 2,395,808 | - | - | - | 2,395,808 |
| Fundraising | 1,129,198 | - | 8,899 | 1,138,097 | - | - | - | 1,138,097 |
| **Total operating expenses** | 27,641,430 | - | 227,065 | 27,868,495 | - | - | - | 27,868,495 |
| Changes in net assets from operations | 4,484,452 | - | (227,065) | 4,257,387 | (885,859) | - | (885,859) | 3,371,528 |
| **Non-Operating Revenue** | | | | | | | | |
| Net gain on investments | - | 1,659,547 | 227,488 | 1,887,035 | - | 898,529 | 898,529 | 2,785,564 |
| Investment income, net of expenses of $218,218 | - | 534,394 | 39,471 | 573,865 | - | 176,169 | 176,169 | 750,034 |
| **Total non-operating revenue** | - | 2,193,941 | 266,959 | 2,460,900 | - | 1,074,698 | 1,074,698 | 3,535,598 |
| Changes in net assets | $ 4,484,452 | $ 2,193,941 | $ 39,894 | $ 6,718,287 | $ (885,859) | $ 1,074,698 | $ 188,839 | $ 6,907,126 |

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

**Greater Boston Legal Services, Inc.**
Statement of Activities
For the Year Ended June 30, 2024

| | Without Donor Restrictions | | | | With Donor Restrictions | | | |
|---|---|---|---|---|---|---|---|---|
| | **Operating** | **Board Designated** | **Property and Equipment** | **Total Without Donor Restrictions** | **Program and Time Restricted** | **Appreciation on Donor Restricted Endowments Held in Perpetuity** | **Total With Donor Restrictions** | **Total** |
| **Operating Revenue and Support:** | | | | | | | | |
| Grants and contracts | $ 21,107,512 | $ - | $ - | $ 21,107,512 | $ - | $ - | $ - | $ 21,107,512 |
| Contributions and promises | 6,295,307 | - | - | 6,295,307 | 4,138,128 | - | 4,138,128 | 10,433,435 |
| Attorney fees | 988,274 | - | - | 988,274 | - | - | - | 988,274 |
| Interest and other income | 72,286 | - | - | 72,286 | - | - | - | 72,286 |
| Net assets released from donor restrictions: | | | | | | | | |
| Satisfaction of time restriction | 1,211,667 | - | - | 1,211,667 | (1,211,667) | - | (1,211,667) | - |
| Satisfaction of program restriction | 781,002 | - | - | 781,002 | (781,002) | - | (781,002) | - |
| **Total operating revenue and support before donated services** | 30,456,048 | - | - | 30,456,048 | 2,145,459 | - | 2,145,459 | 32,601,507 |
| Donated services | 1,008,905 | - | - | 1,008,905 | - | - | - | 1,008,905 |
| **Total operating revenue and support** | 31,464,953 | - | - | 31,464,953 | 2,145,459 | - | 2,145,459 | 33,610,412 |
| **Operating Expenses** | | | | | | | | |
| Program services | 22,900,933 | - | 186,288 | 23,087,221 | - | - | - | 23,087,221 |
| General and Administrative | 2,287,752 | - | 11,869 | 2,299,621 | - | - | - | 2,299,621 |
| Fundraising | 976,762 | - | 8,293 | 985,055 | - | - | - | 985,055 |
| **Total operating expenses** | 26,165,447 | - | 206,450 | 26,371,897 | - | - | - | 26,371,897 |
| Changes in net assets from operations | 5,299,506 | - | (206,450) | 5,093,056 | 2,145,459 | - | 2,145,459 | 7,238,515 |
| **Non-Operating Revenue** | | | | | | | | |
| Net gain on investments | - | 2,150,159 | 337,739 | 2,487,898 | - | 1,218,343 | 1,218,343 | 3,706,241 |
| Investment income, net of expenses of $180,268 | - | 385,752 | 50,861 | 436,613 | - | 139,726 | 139,726 | 576,339 |
| **Total non-operating revenue** | - | 2,535,911 | 388,600 | 2,924,511 | - | 1,358,069 | 1,358,069 | 4,282,580 |
| Changes in net assets | $ 5,299,506 | $ 2,535,911 | $ 182,150 | $ 8,017,567 | $ 2,145,459 | $ 1,358,069 | $ 3,503,528 | $ 11,521,095 |

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

**Greater Boston Legal Services, Inc.**
Statements of Changes in Net Assets
For the Years Ended June 30, 2025 and 2024

| | Without Donor Restrictions | | | | With Donor Restrictions | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Operating | Board Designated | Property and Equipment | Total Without Donor Restriction | Program and Time Restricted | Appreciation on Donor Restricted Endowments Held in Perpetuity | Donor Restricted Endowments Held in Perpetuity | Total With Donor Restriction | Total |
| Balance at July 1, 2023 | $ 6,191,338 | $ 16,463,722 | $ 6,279,504 | $ 28,934,564 | $ 1,707,918 | $ 3,466,268 | $ 5,834,375 | $ 11,008,561 | $ 39,943,125 |
| Changes in net assets | 5,299,506 | 2,535,911 | 182,150 | 8,017,567 | 2,145,459 | 1,358,069 | - | 3,503,528 | 11,521,095 |
| **Transfers** | | | | | | | | | |
| Transfer to fund property and equipment | (512,388) | - | 512,388 | - | - | - | - | - | - |
| Transfer to Operating | 159,753 | - | - | 159,753 | - | (159,753) | - | (159,753) | - |
| Transfer to Board designated endowment | (4,500,000) | 4,500,000 | - | - | - | - | - | - | - |
| **Total transfers** | (4,852,635) | 4,500,000 | 512,388 | 159,753 | - | (159,753) | - | (159,753) | - |
| **Balance at June 30, 2024** | 6,638,209 | 23,499,633 | 6,974,042 | 37,111,884 | 3,853,377 | 4,664,584 | 5,834,375 | 14,352,336 | 51,464,220 |
| Changes in net assets | 4,484,452 | 2,193,941 | 39,894 | 6,718,287 | (885,859) | 1,074,698 | - | 188,839 | 6,907,126 |
| **Transfers** | | | | | | | | | |
| Transfers to fund property and equipment additions | (897,168) | - | 897,168 | - | - | - | - | - | - |
| Transfer to Board designated endowment | (1,250,000) | 1,250,000 | - | - | - | - | - | - | - |
| **Total transfers** | (2,147,168) | 1,250,000 | 897,168 | - | - | - | - | - | - |
| **Balance at June 30, 2025** | $ 8,975,493 | $ 26,943,574 | $ 7,911,104 | $ 43,830,171 | $ 2,967,518 | $ 5,739,282 | $ 5,834,375 | $ 14,541,175 | $ 58,371,346 |

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

**Greater Boston Legal Services, Inc.**
Statements of Cash Flows
For the Years Ended June 30, 2025 and 2024

| | 2025 | 2024 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Changes in net assets | $ 6,907,126 | $ 11,521,095 |
| **Adjustments to reconcile change in net assets to net cash provided by operating activities** | | |
| Depreciation | 227,065 | 206,450 |
| Net gain on investments | (2,785,564) | (3,706,241) |
| Investment income, net of expenses | (750,034) | (576,339) |
| **Changes in operating assets and liabilities:** | | |
| Grants, pledges and contracts receivable | 807,782 | (2,527,249) |
| Prepaid expenses, deposits and other | (300,975) | 125,697 |
| Client escrow payable and funds held for others | (22,739) | (86,170) |
| Accrued compensation | 626,602 | 196,551 |
| Accounts payable and other accrued expenses | (247,572) | 188,586 |
| Refundable advance | (48,626) | (45,245) |
| **Net cash provided by operating activities** | 4,413,065 | 5,297,135 |
| **Cash flows from investing activities** | | |
| Acquisition of construction in process | - | (1,071,586) |
| Acquisition of property and equipment | (627,927) | (61,599) |
| Purchase of investments | (17,483,729) | (13,428,709) |
| Proceeds from sale of investments | 16,193,462 | 9,187,136 |
| **Net cash used in investing activities** | (1,918,194) | (5,374,758) |
| **Net increase (decrease) in cash and cash equivalents, and restricted cash** | 2,494,871 | (77,623) |
| Cash, cash equivalents, and restricted cash at beginning of year | 9,352,404 | 9,430,027 |
| **Cash and cash equivalents, and restricted cash at end of year** | $ 11,847,275 | $ 9,352,404 |
| | | |
| **Reconciliation of cash, cash equivalents, and restricted cash reported within the statement of financial position** | | |
| Cash and cash equivalents | $ 11,487,791 | $ 8,970,181 |
| Cash - client escrow | 182,484 | 178,223 |
| Cash - funds held for others | 177,000 | 204,000 |
| **Total cash and cash equivalents, and restricted cash shown in the statement of cash flows** | $ 11,847,275 | $ 9,352,404 |
| | | |
| **Supplemental cash flow information** | | |
| Transfer of construction in process to property and equipment | $ 1,071,586 | $ - |

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

**Greater Boston Legal Services, Inc.**
Statements of Functional Expenses
For the Years Ended June 30, 2025 and 2024

| | 2025 | | | | 2024 | | | |
|---|---|---|---|---|---|---|---|---|
| | Program Services | General and Administrative | Fundraising | Total | Program Services | General and Administrative | Fundraising | Total |
| **Title** | | | | | | | | |
| **Salaries and Related** | | | | | | | | |
| Salaries - lawyers | $ 9,607,968 | $ 227,875 | $ 23,597 | $ 9,859,440 | $ 8,948,123 | $ 249,205 | $ 23,842 | $ 9,221,170 |
| Salaries - other | 4,360,072 | 1,075,369 | 641,411 | 6,076,852 | 4,385,972 | 925,757 | 582,446 | 5,894,175 |
| Payroll taxes and fringe benefits | 5,875,196 | 483,504 | 246,681 | 6,605,381 | 5,174,157 | 435,911 | 224,933 | 5,835,001 |
| **Total salaries and related** | 19,843,236 | 1,786,748 | 911,689 | 22,541,673 | 18,508,252 | 1,610,873 | 831,221 | 20,950,346 |
| **Other** | | | | | | | | |
| Office and related expenses | 1,024,646 | 69,553 | 80,890 | 1,175,089 | 815,509 | 108,395 | 56,848 | 980,752 |
| Contract services | 635,316 | 276,994 | 56,274 | 968,584 | 733,769 | 404,479 | 36,912 | 1,175,160 |
| Occupancy | 490,371 | 32,192 | 21,314 | 543,877 | 486,983 | 31,027 | 21,679 | 539,689 |
| Grants awarded | 475,194 | 28,733 | - | 503,927 | 557,033 | 25,530 | - | 582,563 |
| Other direct expenses | 202,841 | 186,114 | 57,364 | 446,319 | 305,431 | 104,743 | 29,271 | 439,445 |
| Library maintenance | 263,106 | 200 | 200 | 263,506 | 241,129 | - | 297 | 241,426 |
| Depreciation | 204,726 | 13,440 | 8,899 | 227,065 | 186,288 | 11,869 | 8,293 | 206,450 |
| Client litigation expenses | 137,652 | - | - | 137,652 | 122,393 | - | - | 122,393 |
| Travel and training | 104,194 | 1,834 | 1,467 | 107,495 | 121,529 | 2,705 | 534 | 124,768 |
| **Total other** | 3,538,046 | 609,060 | 226,408 | 4,373,514 | 3,570,064 | 688,748 | 153,834 | 4,412,646 |
| **Total operating expenses before donated services** | 23,381,282 | 2,395,808 | 1,138,097 | 26,915,187 | 22,078,316 | 2,299,621 | 985,055 | 25,362,992 |
| Donated Services | 953,308 | - | - | 953,308 | 1,008,905 | - | - | 1,008,905 |
| **Total operating expenses** | $ 24,334,590 | $ 2,395,808 | $ 1,138,097 | $ 27,868,495 | $ 23,087,221 | $ 2,299,621 | $ 985,055 | $ 26,371,897 |

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

## 1. Nature of Operations

Greater Boston Legal Services, Inc. (GBLS) provides free legal assistance in non-criminal matters to persons financially unable to afford legal assistance in the metropolitan Boston area of Massachusetts.

GBLS is a nonprofit corporation exempt from Federal income taxes as an organization (not a private foundation) under Section 501(c)3 of the Internal Revenue Code (IRC). GBLS is also exempt from state income taxes. Donors may deduct contributions made to GBLS within the requirements of the IRC regulations.

## 2. Significant Accounting Policies

### Basis of Accounting

GBLS prepares its financial statements in accordance with generally accepted accounting principles (U.S. GAAP) established by the Financial Accounting Standards Board (FASB). References to U.S. GAAP in these notes are to the FASB Accounting Standards Codification (ASC).

### Allowance for Uncollectible Receivables

An allowance for potentially uncollectible grants and contracts as well as pledges receivable is provided based upon management's judgment of expected defaults. The determination includes factors such as prior collection history, type of contribution and nature of fundraising activity. It is GBLS' policy to charge-off uncollectible receivables when management determines the receivable will not be collected. As of June 30, 2025 and 2024, there was no allowance for uncollectible grants, pledges and contracts deemed necessary.

### Fair Value Measurements

GBLS follows the accounting and disclosure standards pertaining to ASC Topic, *Fair Value Measurements,* for qualifying assets and liabilities. Fair value is defined as the price that GBLS would receive upon selling an asset or pay to settle a liability in an orderly transaction between market participants.

GBLS uses a framework for measuring fair value that includes a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value. This hierarchy is broken down into three levels based on inputs that market participants would use in valuing the financial instruments based on market data obtained from sources independent of GBLS. Inputs refer broadly to the assumptions that market participants would use in pricing the financial instrument, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the financial instrument developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset developed based on the best information available

## 2. Significant Accounting Policies (Continued)

### Fair Value Measurements (Continued)

The three-tier hierarchy of inputs is summarized in the three broad levels as follows:

Level 1 - Inputs that reflect unadjusted quoted prices in active markets for identical assets at the measurement date.

Level 2 - Inputs other than quoted prices that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3 - Inputs that are observable and which require significant judgment or estimation.

An asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement. All qualifying assets and liabilities are valued using Level 1 inputs.

For the purpose of the statements of cash flows, cash and cash equivalents consist of checking and money market accounts, excluding amounts in the investment portfolio. Cash and cash equivalents are considered Level 1 within the fair value hierarchy.

Investments are recorded in the financial statements at fair value. If an investment is directly held by GBLS and an active market with quoted prices exists, the market price of an identical security is used to report fair value. A summary of inputs used in valuing GBLS's investments as of June 30, 2025 and 2024, is included in Note 3.

The carrying value of all other assets and liabilities does not differ materially from its estimated fair value and are considered Level 1 in the fair value hierarchy.

### Cash and Cash Equivalents

GBLS maintains its cash balances in financial institutions in the U.S. Balances at the institutions are insured by the Federal Deposit Insurance Corporation (FDIC) at each bank up to certain amounts. At certain times during the year, cash balances exceeded the insured amounts. GBLS has not experienced any losses in these accounts and management believes GBLS is not exposed to any significant credit risk on its cash and cash equivalents.

### Restricted Cash

GBLS maintains and administers client funds relative to cases which are currently in litigation. The amounts are paid out as directed by the clients. The amounts held in escrow totaled $182,484 and $178,223 as of June 30, 2025 and 2024, respectively, and are shown as cash - client escrow and client escrow payable in the accompanying statements of financial position.

## 2. Significant Accounting Policies (Continued)

### Restricted Cash (Continued)

GBLS received $600,000 of housing assistance funding from two organizations to be used to pay stipends to residents in the East Boston area who meet certain eligibility criteria. The remaining balance of $177,000 and $204,000 as of June 30, 2025 and 2024, respectively, is shown as cash - funds held for others and funds held for others in the accompanying statements of financial position.

### Investments and Investment Return Allocations and Spending Policy

Investments primarily include cash and cash equivalents, corporate bonds, and exchange-traded funds which are reported at fair value.

GBLS records interest and dividends from investments when earned. Gains or losses on investments are recognized as realized upon sale or based on market value changes during the period. Investment return is reported in the accompanying statements of activities without donor restrictions as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law.

Massachusetts follows the Uniform Prudent Management of Institutional Funds Act (UPMIFA). Subject to the intent of a donor, GBLS may appropriate for expenditure or accumulate so much of an endowment fund as the institution determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established. The assets in donor endowment funds are donor-restricted assets until appropriated for expenditure by GBLS.

The Board of Directors has voted to allow for the use of a portion of total investment return for operations each year. If needed, GBLS may distribute from its investment portfolios (Board designated and donor restricted endowments) an amount not to exceed 5% of the average values for each portfolio over the prior three years determined at least quarterly. Transfers to the operating net assets, in accordance with this policy, were not deemed necessary for the year ended June 30, 2025 and 2024.

GBLS's investment policy combined with the spending rate attempts to provide a predictable stream of returns combined with asset protection. Endowment assets include those assets restricted by donors that GBLS must hold in perpetuity. Under GBLS's investment policy and spending rate, both approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce an inflation-adjusted return in excess of the spending rate over a long period of time. Actual returns in any given year may vary.

To satisfy its long-term rate-of-return objectives, GBLS 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 Finance Committee, advised by a third-party investment advisor, is responsible for selecting the investment managers of GBLS's portfolio. The Finance Committee's strategy is to include an array of different strategy and investment managers for the portfolio to minimize risk while providing investment returns exceeding industry benchmarks.

## 2. Significant Accounting Policies (Continued)

### Investments and Investment Return Allocations and Spending Policy (Continued)

GBLS classifies as net assets with donor restrictions (a) the original value of gifts donated to the donor restricted endowments, (b) the original value of subsequent gifts to the donor restricted endowments, and (c) accumulations to the donor restricted endowments made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. This is regarded as the “historic dollar value” of the endowment fund. The remaining portion of the donor restricted endowment funds that is not classified as net assets with donor restrictions and is regarded as “net appreciation” is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by GBLS.

From time-to-time, the fair value of assets associated with individual donor restricted endowment funds may fall below the “historic dollar value”. There were no deficiencies at June 30, 2025 and 2024.

### Property and Equipment and Depreciation

Operating assets used for property and equipment acquisitions are accounted for as transfers from net assets without donor restrictions - operating to net assets without donor restrictions - property and equipment. Proceeds from the sale of property and equipment, if without donor restrictions, are transferred to operating net assets, or, if restricted, to the net assets that provided the cash to purchase the property and equipment.

Expenditures for property and equipment in excess of $7,500 are capitalized. Purchased property and equipment are recorded at cost. Donated property and equipment are recorded at fair value at the date of receipt by GBLS. Renewals and betterments are capitalized, while repairs and maintenance are expensed.

Depreciation is computed using the straight-line method over estimated useful lives as follows:

| | Useful Lives |
|---|---|
| Building and improvements | 15 - 40 years |
| Furniture and fixtures | 3 - 10 years |

Land is not depreciated.

GBLS accounts for the carrying value of its property and equipment in accordance with ASC Topic, *Property, Plant, and Equipment.* There were no impairment loss recognized in fiscal years 2025 or 2024.

## 2. Significant Accounting Policies (Continued)

### Net Assets

***Net assets without donor restrictions*** are those net resources that bear no external restrictions and are generally available for use by GBLS. GBLS has grouped its net assets without donor restrictions into the following categories:

- ***Operating*** represent amounts which bear no external restrictions and are available for operations.

- ***Board Designated – Funds Functioning as Endowment*** represent funds set aside by the Board of Directors to generate investment income over the long-term to cover operating expenses. These amounts may only be used with the approval of the Board of Directors. During the years ended June 30, 2025 and 2024, the Board voted to transfer $1,250,000 and $4,500,000, respectively, to the Board designated endowment (see Note 4).

- ***Board Designated - Property and Equipment*** represent amounts designated by the Board of Directors for future capital expenditures. These net assets may not be expensed for operations without the Board of Directors' approval.

- ***Property and equipment*** reflect and account for the activities relating to GBLS' property and equipment, net of related debt, if any.

***Net assets with donor restrictions*** represent amounts received or committed with donor restrictions which have not yet been expended for their designated purpose or amounts restricted for use in future periods. These contributions are recorded as net assets with donor restrictions until they are expended for their designated purpose or as the time period lapses. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and are reported in the statements of activities and change in net assets as net assets released from restrictions. Net assets with donor restrictions also include appreciation, if any, on donor restricted endowments held in perpetuity in accordance with Massachusetts state law and GBLS's spending policy (see investment and investment return allocations and spending policy section of Note 2). When the restrictions on contributions are met in the same period that the contribution is received, the contribution is reported in the statements of activities and the statements of changes in net assets as net assets without donor restrictions.

Donor restricted endowments held in perpetuity represent amounts received from donors with the stipulation that the principal will be held in perpetuity and only the investment income and appreciation can be spent.

### Revenue Recognition

In accordance with ASC Subtopic 958-605, *Revenue Recognition* (Topic 958), GBLS must determine whether a contribution (or a promise) is conditional or unconditional for transactions deemed to be a contribution. A contribution is considered to be a conditional contribution if an agreement includes a barrier that must be overcome and either a right of return of assets or a right of release of a promise to transfer assets exists.

**2. Significant Accounting Policies (Continued)**

**Revenue Recognition (Continued)**

Indicators of a barrier include a measurable performance-related barrier or another measurable barrier, a stipulation that limits discretion by the recipient on the conduct of an activity, and stipulations that are related to the purpose of the agreement. Topic 958 prescribes that GBLS should not consider probability of compliance with the barrier when determining if such awards are conditional and should be reported as conditional grant advance liabilities until such conditions are met.

GBLS had significant conditional grants and contracts for the years ended June 30, 2025 and 2024 (see Note 12). Contributions and grants without donor restrictions are recognized as revenue when received or unconditionally pledged.

GBLS reports gifts of cash and other assets as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are transferred to net assets without donor restrictions and reported in the statement of activities as net assets released from donor restrictions. Support without donor restrictions is recognized when received or unconditionally committed by the donor. Support with donor restrictions received and expended during the year is recorded as revenue and support without donor restrictions.

Contributions and promises include contributions and donations from Boston area law firms and corporate legal departments (approximately $3,007,000 and $2,860,000 for the years ended June 30, 2025 and 2024, respectively), other organizations and individuals. These contributions and promises are recognized as support when received or unconditionally pledged.

**Massachusetts Legal Assistance Corporation (MLAC):**

MLAC provides a significant portion of GBLS's grants and contracts revenue. MLAC is a nonprofit organization created by the Massachusetts Legislature to provide financial support for legal assistance programs. MLAC's distributions to GBLS and other legal assistance programs are funded by the federal state appropriations and interest earned on Lawyer Trust Accounts. During the years ended June 30, 2025 and 2024, GBLS was awarded $17,835,598 and $16,957,099, respectively, from MLAC. GBLS accounts for MLAC grant revenue as grant and contract revenue. Restricted MLAC funding of $47,500 was received in each of the years ended June 30, 2025 and 2024, which is included in the aforementioned total award.

## 2. Significant Accounting Policies (Continued)

### Revenue Recognition (Continued)

Under GBLS's grant agreements with MLAC, GBLS agrees to follow MLAC's restrictions with respect to the use or disposition of net assets, records, equipment, supplies, or property purchased with MLAC funds. This will be applicable if GBLS's funding is terminated prior to the expected expiration date of the contract, or if GBLS ceases to receive funds from MLAC after the funding period.

GBLS established a fund using MLAC funding for the repayment of employee student loans. As of June 30, 2025 and 2024, the unused amount totaled $138,868 and $187,494, respectively. This amount is accounted for under ASC Topic 958 and is recorded as refundable advances in the accompanying statements of financial position as of June 30, 2025 and 2024, as the conditions for use had not been satisfied during the fiscal years ended June 30, 2025 and 2024.

### Cost Reimbursable Grants and Contracts:

GBLS recognizes support from such sources when eligible costs are incurred. A receivable is recognized to the extent that contract support earned exceeds cash advances; conversely, contract cash advances exceeding eligible costs incurred are recorded as refundable advances.

GBLS receives a portion of its funding from the Commonwealth of Massachusetts and the Federal government under cost reimbursement contracts. Payments to GBLS are subject to audit by the appropriate government agencies. In the opinion of management, the results of such audits, if any, will not have a material effect on the financial position of GBLS as of June 30, 2025 and 2024, or on the results of its operations for the periods then ended.

### Other Grants and Contracts:

GBLS recognizes income from other grant and contract sources as support ratably over the award period. Net assets remaining unused at the end of a period are carried as net assets with donor restrictions and released from restrictions to the operating net assets without donor restrictions as restrictions are satisfied.

### Attorney Fees:

Attorney fees are amounts that GBLS receives for representing clients in various litigations. These amounts are paid by the defendant and are approved by the courts. Attorney fees are recognized under ASC 606, *Revenue from Contracts with Customers*, and generally consist of a single performance obligation to provide services. Agreements with clients do not contain variable consideration.

## 2. Significant Accounting Policies (Continued)

### Revenue Recognition (Continued)

GBLS evaluates its contract service revenue based on the five-step model under Topic 606:

(1) Identify the contract with the customer;
(2) Identify the performance obligations in the contract;
(3) Determine the transaction price;
(4) Allocate the transaction price to separate performance obligations; and
(5) Recognize revenue when (or as) each performance obligation is satisfied.

GBLS does not charge its clients legal fees except in certain Social Security disability cases where permitted by the Social Security Administration and MLAC. Accordingly, attorney fees are recognized when awarded, which is also when the performance obligation is satisfied.

All other revenue is recognized when earned

### Estimates

The preparation of financial statements in accordance with U.S. 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 estimate.

### Expense Allocation

Expenses related directly to a program are distributed to that program, while other expenses are allocated based upon management’s estimate of the percentage attributable to each program.

Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. The expenses that are allocated are salaries, payroll taxes and fringe benefits, occupancy, and depreciation, which are allocated based on management's estimate of time and level of effort.

### Income Taxes

GBLS accounts for uncertainty in income taxes in accordance with ASC Topic, Income Taxes. This standard clarifies the accounting for uncertainty in tax positions and prescribes a recognition threshold and measurement attribute for the financial statements regarding a tax position taken or expected to be taken in a tax return. GBLS has determined that there are no uncertain tax positions which qualify for either recognition or disclosure in the financial statements at June 30, 2025 and 2024. GBLS's information returns are subject to examination by the Federal and state jurisdictions.

## 2. Significant Accounting Policies (Continued)

### Statements of Activities

Transactions deemed by management to be ongoing, major, or central to the provision of program services are reported as operating revenues and support and operating expenses in the accompanying statements of activities. Non-operating revenue consists of investment activity.

### Donated Goods and Services

GBLS receives donated services which represent time spent by pro-bono attorneys, students and other individuals in the Boston area to help support the legal assistance programs. A significant amount of the services are provided by Boston area universities and law firms in relation to the programs that GBLS serves. GBLS values the services by using a fair-market value wage for an equivalent level position. Donated services are recognized as both support and expense in the accompanying statement of activities, and, as a result, do not affect net assets.

### Subsequent Events

Subsequent events have been evaluated through November 10, 2025, which is the date the financial statements were available to be issued. There were no such events that met the criteria for recognition or disclosure in the financial statements.

## 3. Investments

GBLS maintains separate investment portfolios for net assets with donor restrictions, Board designated net assets - functioning as endowment, Board designated net assets - property and equipment, as well as operational resources. Investment income and appreciation earned on the donor restricted endowments are recorded as net assets with donor restrictions (see Note 2).

The following table presents GBLS' investments by level within the valuation framework (see Note 2) as of June 30:

| | 2025 | | | |
|---|---|---|---|---|
| | **Level 1** | **Level 2** | **Level 3** | **Total** |
| Money market funds | $ 6,791,446 | $ - | $ - | $ 6,791,446 |
| **Equities:** | | | | |
| U.S. large-cap | 23,328,958 | - | - | 23,328,958 |
| **Fixed income:** | | | | |
| Corporate bonds | - | 8,351,577 | - | 8,351,577 |
| **Exchange-traded funds:** | | | | |
| U.S. mid-cap | 2,131,297 | - | - | 2,131,297 |
| U.S. small-cap | 1,127,181 | - | - | 1,127,181 |
| **Total** | $ 33,378,882 | $ 8,351,577 | $ - | $ 41,730,459 |

### 3. Investments (Continued)

| | 2024 | | | |
|---|---|---|---|---|
| | **Level 1** | **Level 2** | **Level 3** | **Total** |
| Money market funds | $ 5,758,522 | $ - | $ - | $ 5,758,522 |
| **Equities:** | | | | |
| U.S. large-cap | 20,655,007 | - | - | 20,655,007 |
| **Fixed income:** | | | | |
| Corporate bonds | - | 7,598,739 | - | 7,598,739 |
| **Exchange-traded funds:** | | | | |
| U.S. mid-cap | 1,814,543 | - | - | 1,814,543 |
| U.S. small-cap | 1,077,783 | - | - | 1,077,783 |
| **Total** | $ 29,305,855 | $ 7,598,739 | $ - | $ 36,904,594 |

Level 1 investments consist primarily of money market funds and publicly traded equities valued at quoted market prices in active markets.

Level 2 investments consist of corporate bonds valued using observable inputs other than quoted prices, such as interest rate yield curves, credit spreads, and quoted prices for similar assets in active markets.

Net gain on investments consists of the following for the year ended June 30:

| | **2025** | **2024** |
|---|---|---|
| Net realized gain (loss) on the sale of investments | $ 3,508,263 | $ (119,603) |
| Net unrealized gain (loss) on investments | (722,699) | 3,825,844 |
| **Total** | $ 2,785,564 | $ 3,706,241 |

Investments are not insured and are subject to ongoing market fluctuations. Investments are presented as long-term in the accompanying statement of financial position based on management's intent or donor restrictions.

## 4. Endowment

Changes in endowment net assets are as follows for the year ended June 30, 2025 and 2024:

| | | With Donor Restrictions | | | |
|---|---|---|---|---|---|
| **Description** | **Without Donor Restrictions** | **Appreciation on Donor Restricted Endowments Held in Perpetuity** | **Donor Restricted Endowments Held in Perpetuity** | **Total With Donor Restrictions** | **Total** |
| Endowment net assets, June 30, 2023 | $ 16,463,722 | $ 3,466,268 | $ 5,834,375 | $ 9,300,643 | $ 25,764,365 |
| **Investment return:** | | | | | |
| Investment income, net | 385,752 | 139,726 | - | 139,726 | 525,478 |
| Net gain on investments | 2,150,159 | 1,218,343 | - | 1,218,343 | 3,368,502 |
| **Total investment return** | 2,535,911 | 1,358,069 | - | 1,358,069 | 3,893,980 |
| **Subtotal** | 18,999,633 | 4,824,337 | 5,834,375 | 10,658,712 | 29,658,345 |
| Net asset transfers (see Note 2) | 4,500,000 | (159,753) | - | (159,753) | 4,340,247 |
| **Endowment net assets, June 30, 2024** | $ 23,499,633 | $ 4,664,584 | $ 5,834,375 | $ 10,498,959 | $ 33,998,592 |
| **Investment return:** | | | | | |
| Investment income, net | 534,394 | 176,169 | - | 176,169 | 710,563 |
| Net gain on investments | 1,659,547 | 898,529 | - | 898,529 | 2,558,076 |
| **Total investment return** | 2,193,941 | 1,074,698 | - | 1,074,698 | 3,268,639 |
| **Subtotal** | 25,693,574 | 5,739,282 | 5,834,375 | 11,573,657 | 37,267,231 |
| Net asset transfers (see Note 2) | 1,250,000 | - | - | | 1,250,000 |
| **Endowment net assets, June 30, 2025** | $ 26,943,574 | $ 5,739,282 | $ 5,834,375 | $ 11,573,657 | $ 38,517,231 |

### 5. Net Assets With Donor Restrictions

Net assets with donor restrictions are available for the following purposes as of June 30:

| | 2025 | 2024 |
|---|---|---|
| **Donor Restricted Endowments Held in Perpetuity** | | |
| Access to Justice Fund | $ 2,900,296 | $ 2,900,296 |
| Harmonix Stockholder's Endowment | 2,417,631 | 2,417,631 |
| Hennessey Fund | 318,579 | 318,579 |
| General Endowment | 115,275 | 115,275 |
| Marks Fund | 82,594 | 82,594 |
| **Total Donor Restricted Endowments Held in Perpetuity** | 5,834,375 | 5,834,375 |
| Program restricted - operations | 844,184 | 821,476 |
| Appreciation on donor restricted endowments held in perpetuity | 5,739,282 | 4,664,584 |
| Time restricted | 2,123,334 | 3,031,901 |
| **Total net assets with donor restrictions** | $ 14,541,175 | $ 14,352,336 |

The Access to Justice Fund was established in 2001 to raise funds to support staff attorneys. No additional contributions were made to the fund during the year ended June 30, 2025 and 2024.

The Harmonix Stockholder’s Endowment (Harmonix) was established in 2013 to support a community fellowship program. No additional contributions were made to the endowment during the years ended June 30, 2025 and 2024. During fiscal year 2024, $159,753 was transferred from appreciation on Harmonix to operating net assets (see Note 4). No amounts were transferred from appreciation on Harmonix to operating net assets during fiscal year 2025.

The Hennessey Fund was established in 1990 to raise funds to endow an attorney position. No additional contributions were made to the fund during the years ended June 30, 2025 and 2024.

The Marks Fund was established in 2006 as a separately named fund, with the same purpose as the Access to Justice Fund. No additional contributions were made to the fund during the years ended June 30, 2025 and 2024.

### 6. Grants, Pledges and Contracts Receivable

Grants, pledges and contracts receivable consist of amounts committed to GBLS for both without donor restricted and restricted purposes. These amounts are due as follows as of June 30:

| | 2025 | 2024 |
|---|---|---|
| Due within one year | $ 2,603,513 | $ 2,511,295 |
| Due in one to five years | 900,000 | 1,800,000 |
| **Total grants, pledges and contracts receivable** | $ 3,503,513 | $ 4,311,295 |

The discount on the pledges receivable has not been recorded as GBLS deems the amount immaterial to the financial statements as a whole.

### 7. Liquidity and Availability of Financial Assets

GBLS's financial assets without donor restrictions available within one year from the statement of financial position date for general operating expenses are as follows as of June 30:

| | 2025 | 2024 |
|---|---|---|
| **Financial assets available:** | | |
| Cash and cash equivalents without donor restrictions | $ 10,325,507 | $ 7,816,804 |
| Grants, pledges and contracts receivable without donor restrictions | 1,703,513 | 1,611,295 |
| **Total financial assets available** | 12,029,020 | 9,428,099 |
| **Financial assets available to meet cash needs for general expenditures within one year** | $ 12,029,020 | $ 9,428,099 |

GBLS's endowment funds consist of donor restricted endowments held in perpetuity. Income from donor-restricted endowments held in perpetuity is restricted for specific purposes, and therefore, is not available for general expenditure. As described in Note 2, the endowment has a spending rate of up to 5%. As part of GBLS's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. To help manage unanticipated liquidity needs, GBLS has a line of credit available in the amount of $2.5 million (see Note 10), which it could draw upon.

GBLS also has a board-designated endowment of $26,943,574 and $23,499,633 at June 30, 2025 and 2024, respectively. While GBLS has no current intention to draw upon these funds as they are meant for long-term strategic reserves, amounts from the board-designated endowment could be made available, if necessary, after Board approval.

### 7. Liquidity and Availability of Financial Assets (Continued)

In addition to financial assets available to meet general expenditures over the next twelve months, GBLS operates anticipating collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. As of June 30, 2025 and 2024, the number of months of available financial assets is equal to approximately five and four months of operating expenses, respectively.

### 8. Property and Equipment and Depreciation

The historical costs of GBLS's property and equipment and related accumulated depreciation balances at June 30 were as follows:

| | 2025 | 2024 |
|---|---|---|
| Machinery and equipment | $ 1,363,636 | $ 1,363,635 |
| Building and improvements | 5,771,248 | 4,699,662 |
| Leasehold improvements | 3,503,275 | 2,875,349 |
| Furniture and fixtures | 221,899 | 221,899 |
| Other depreciable and amortizable assets | 55,965 | 55,965 |
| **Property, plant, and equipment, gross** | 10,916,023 | 9,216,510 |
| Less accumulated depreciation and amortization | (6,375,683) | (6,148,618) |
| **Property, plant, and equipment, net** | $ 4,540,340 | $ 3,067,892 |

Depreciation expense related to property, plant, and equipment was $277,065 and $206,450 for the years ended June 30, 2025 and 2024, respectively.

As of June 30, 2024, construction in process of $1,071,586 consists of renovations of GBLS’s building façade.  This project was placed into service in August 2024.

### 9. Defined Contribution Plan

GBLS sponsors a defined contribution plan for its employees. All employees who have completed two years of service and have reached the age of 18 are eligible to participate in the plan. GBLS' Board of Directors, at its discretion, may annually elect to contribute to the plan. The plan allows for participant contributions. Amounts charged to expense for the defined contribution plan totaled $504,936 and $530,373  for the years ended June 30, 2025 and 2024, respectively. These contributions are included in payroll taxes and fringe benefits in the accompanying statements of functional expenses.

## 10. Debt

GBLS has a $2,500,000 revolving line of credit with a bank for its working capital needs. The line is collateralized by a first mortgage on GBLS's building. Interest under this line of credit bears interest at the bank's base lending rate (7.5% and 8.5% at June 30, 2025 and 2024, respectively) and is payable monthly. There were no borrowings outstanding under this line of credit at June 30, 2025 and 2024.

## 11. Collective Bargaining Agreements

GBLS has two collective bargaining agreements which expire on June 30, 2027. Approximately 75% of GBLS' employees are covered under these agreements.

## 12. Conditional Grants

GBLS has been awarded conditional commitments from various Federal and state agencies, as well as private donors, which contain funder-imposed conditions that represent a barrier that must be overcome as well as a release from obligations. GBLS recognizes related revenue from these government grants when funder-imposed conditions are substantially met (see Note 2). The funder-imposed conditions for these revenues include the requirement for GBLS to incur qualifying expenses. These commitments are not included in the accompanying financial statements. GBLS was also awarded a conditional grant for $75,000 during fiscal year 2025. The grantor may renew the grant annually until the grantor has disbursed a maximum total of $750,000 at its sole discretion. Since this grant is conditional upon the grantor having available funds, it is not reflected in the accompanying financial statements at June 30, 2025.

Total amounts committed by Federal and state agencies, but not recognized as of June 30, 2025 and 2024, amounted to $1,978,668 and $755,852, respectively.