

**NAACP LEGAL DEFENSE AND
EDUCATIONAL FUND, INC. AND AFFILIATE**

**Consolidated Financial Statements and
Supplemental Information
For the Year Ended June 30, 2025
(With Summarized Financial Information for 2024)
With Independent Auditor's Report**



MITCHELL TITUS
ACHIEVING EXCELLENCE TOGETHER

**NAACP LEGAL DEFENSE AND
EDUCATIONAL FUND, INC. AND AFFILIATE**
For the Year Ended June 30, 2025
(With Summarized Financial Information for 2024)

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
NAACP Legal Defense and Educational Fund, Inc.
and Affiliate

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of NAACP Legal Defense and Educational Fund, Inc. and Affiliate (LDF), which comprise the consolidated statement of financial position as of June 30, 2025, the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of LDF as of June 30, 2025, 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 (U.S. GAAP).

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 Consolidated Financial Statements section of our report. We are required to be independent of LDF 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with U.S. GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the LDF's ability to continue as a going concern for one year after the date that the consolidated financial statements are issued.

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Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 LDF'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about LDF'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.



MITCHELL TITUS

Report on Summarized Comparative Information

We have previously audited LDF's June 30, 2024 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated February 12, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary consolidating information as of and for the year ended June 30, 2025 and 2024 is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Mitchell Titus, LLP

February 12, 2026

**NAACP LEGAL DEFENSE AND
EDUCATIONAL FUND, INC. AND AFFILIATE**
Consolidated Statements of Financial Position
As of June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
ASSETS		
Cash and cash equivalents	\$ 35,427,419	\$ 48,256,248
Amounts held in escrow	3,423	3,423
Accounts receivable	1,264,944	1,157,723
Contributions and court fees receivable, net	15,768,038	30,237,392
Investments	359,657,145	326,446,789
Right-of-use assets	3,604,892	3,780,970
Deferred compensation plan	481,932	208,923
Other assets	3,412,335	1,527,754
Property and equipment, net	12,914,050	13,457,593
Assets held in trust by others	1,889,176	1,802,256
Total assets	<u>\$ 434,423,354</u>	<u>\$ 426,879,071</u>
LIABILITIES AND NET ASSETS		
<i>Liabilities</i>		
Accounts payable and accrued expenses	\$ 5,621,818	\$ 6,222,893
Lease liability	4,255,903	4,523,338
Deferred compensation plan	481,932	208,923
Court awards and fees pending distribution	3,423	3,423
Total liabilities	<u>10,363,076</u>	<u>10,958,577</u>
<i>Net assets</i>		
<i>Without donor restrictions</i>		
Available for operations	223,450,568	213,831,507
Board designated	72,278,014	77,326,689
Invested in property and equipment	12,914,050	13,457,593
Total without donor restrictions	<u>308,642,632</u>	<u>304,615,789</u>
Net assets with donor restrictions	<u>115,417,646</u>	<u>111,304,705</u>
Total net assets	<u>424,060,278</u>	<u>415,920,494</u>
Total liabilities and net assets	<u>\$ 434,423,354</u>	<u>\$ 426,879,071</u>

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

**NAACP LEGAL DEFENSE AND
EDUCATIONAL FUND, INC. AND AFFILIATE**
Consolidated Statement of Activities
For the Year Ended June 30, 2025
(With Summarized Financial Information for 2024)

	2025			
	Without Donor Restrictions	With Donor Restrictions	Total	2024 Total
REVENUE, GAINS, RECLASSIFICATIONS AND OTHER SUPPORT				
Contributions	\$ 30,213,069	\$ 9,132,953	\$ 39,346,022	\$ 50,148,661
Contribution of non-financial assets	8,602,325	-	8,602,325	3,915,123
Third-party donor collection funds	1,659,666	328	1,659,994	1,098,079
Bequests	1,383,743	554,839	1,938,582	2,333,440
Special events, net of direct benefits to donors of \$529,767 and \$460,209, respectively	2,481,842	-	2,481,842	3,063,672
Court costs and attorney fees awarded	1,382,868	-	1,382,868	972,678
Investment income, net of fees of \$1,233,525 and \$1,036,556, respectively	-	9,831,433	9,831,433	7,505,114
Net appreciation (depreciation) on investments and on assets held in trust by others	(38,292)	14,202,987	14,164,695	23,392,010
Net assets released from restrictions	29,609,599	(29,609,599)	-	-
Total revenue, gains, reclassifications, and other support	<u>75,294,820</u>	<u>4,112,941</u>	<u>79,407,761</u>	<u>92,428,777</u>
EXPENSES				
<i>Program services</i>				
Legal programs	37,630,096	-	37,630,096	32,722,968
Thurgood Marshall Institute	7,938,515	-	7,938,515	5,968,182
Herbert Lehman Education	5,661,761	-	5,661,761	5,211,958
Earl Warren Legal Training	128,963	-	128,963	186,809
Total program services	<u>51,359,335</u>	<u>-</u>	<u>51,359,335</u>	<u>44,089,917</u>
<i>Supporting services</i>				
Fundraising	9,971,228	-	9,971,228	9,872,876
Management and general	9,937,414	-	9,937,414	7,556,673
Total supporting services	<u>19,908,642</u>	<u>-</u>	<u>19,908,642</u>	<u>17,429,549</u>
Total expenses	<u>71,267,977</u>	<u>-</u>	<u>71,267,977</u>	<u>61,519,466</u>
Changes in net assets	4,026,843	4,112,941	8,139,784	30,909,311
Net assets, beginning of year	304,615,789	111,304,705	415,920,494	385,011,183
Net assets, end of year	<u>\$ 308,642,632</u>	<u>\$ 115,417,646</u>	<u>\$ 424,060,278</u>	<u>\$ 415,920,494</u>

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

**NAACP LEGAL DEFENSE AND
EDUCATIONAL FUND, INC. AND AFFILIATE**
Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2025
(With Summarized Financial Information for 2024)

Description	Program Services					Supporting Services			2025 Total Expenses	2024 Total Expenses
	Legal Programs	Thurgood Marshall Institute	Herbert Lehman Education	Earl Warren Legal Training	Subtotal	Fundraising	Management and General	Subtotal		
<i>Personnel costs</i>										
Payroll	\$ 15,580,725	\$ 4,211,336	\$ 443,137	\$ 25,857	\$ 20,261,055	\$ 3,931,268	\$ 3,988,442	\$ 7,919,710	\$ 28,180,765	\$ 25,751,218
Benefits	3,906,347	1,113,955	149,392	5,410	5,175,104	1,005,371	1,710,918	2,716,289	7,891,393	6,362,331
Temporary help	134,594	217,199	31,122	-	382,915	335,342	106,517	441,859	824,774	1,040,125
Total personnel costs	19,621,666	5,542,490	623,651	31,267	25,819,074	5,271,981	5,805,877	11,077,858	36,896,932	33,153,674
<i>Legal programs</i>										
Court costs	222,986	-	-	-	222,986	-	-	-	222,986	156,895
Expert witness	497,030	-	-	-	497,030	-	-	-	497,030	711,763
Lobbying professionals	32,117	-	-	-	32,117	-	-	-	32,117	8,303
Special research	441,085	3,963	-	-	445,048	1,441	466	1,907	446,955	429,327
Total legal programs	1,193,218	3,963	-	-	1,197,181	1,441	466	1,907	1,199,088	1,306,288
<i>Other programs</i>										
Scholarships/grants	147,856	-	4,634,560	90,000	4,872,416	-	-	-	4,872,416	5,077,508
<i>Other expenses</i>										
Photos/ads/press releases	170,961	32,787	22,133	-	225,881	518,994	599	519,593	745,474	455,811
List rental	17,859	-	-	-	17,859	9,141	-	9,141	27,000	62,373
Mail handling	116	15	-	-	131	27,686	72	27,758	27,889	142,910
Fundraising professionals	-	-	-	-	-	553,398	-	553,398	553,398	513,188
Insurance	91,468	38,916	4,620	300	135,304	26,794	69,294	96,088	231,392	303,555
Telephone	320,006	63,318	7,471	600	391,395	43,331	112,063	155,394	546,789	320,964
Occupancy expense	471,336	189,193	22,523	2,400	685,452	130,634	337,870	468,504	1,153,956	1,320,187
Bank and service charges	7,655	59	-	-	7,714	332,927	38,153	371,080	378,794	354,423
Storage	1,307	148,729	66	-	150,102	383	990	1,373	151,475	143,939
Mailing and messenger services	483,240	10,436	1,139	26	494,841	145,301	14,338	159,639	654,480	341,237
Office supplies	66,576	20,402	2,760	300	90,038	8,150	23,924	32,074	122,112	137,380
Library	26,832	3,396	22	-	30,250	1,088	304	1,392	31,642	54,079
Equipment repairs and maintenance	314,083	164,844	11,280	-	490,207	240,498	169,665	410,163	900,370	713,563
Utilities	41,365	17,549	2,089	300	61,303	12,117	31,337	43,454	104,757	95,560
Catering costs	369,576	37,545	14,124	-	421,245	28,190	27,166	55,356	476,601	566,068
Dues and membership fees	93,775	18,329	2,666	-	114,770	7,646	12,344	19,990	134,760	94,074
Conferences and meetings	416,665	11,315	9,876	-	437,856	9,675	424	10,099	447,955	410,257
Meetings and travel	1,714,651	143,079	44,468	-	1,902,198	184,908	49,873	234,781	2,136,979	2,327,311
Computer services	4,795	2,988	19,338	1,970	29,091	149,336	193,855	343,191	372,282	206,077
Accounting professionals	-	-	-	-	-	-	186,441	186,441	186,441	128,883
Legal professionals	8,357,647	-	32,594	-	8,390,241	-	328,577	328,577	8,718,818	3,999,971
IT professionals	305,568	134,020	412	-	440,000	82,695	211,964	294,659	734,659	878,110
Professional fees	2,190,530	1,040,208	146,391	1,500	3,378,629	1,750,120	690,810	2,440,930	5,819,559	6,058,108
Printing/photocopying	402,709	9,776	6,022	300	418,807	218,623	10,310	228,933	647,740	487,709
Bad Debt	-	-	-	-	-	-	941,952	941,952	941,952	-
Amortization	410,212	174,029	21,432	-	605,673	120,163	310,767	430,930	1,036,603	677,077
Depreciation	285,033	120,923	14,257	-	420,213	83,494	215,934	299,428	719,641	688,558
Miscellaneous	103,391	10,206	17,867	-	131,464	12,514	152,045	164,559	296,023	500,624
Total other expenses	16,667,356	2,392,062	403,550	7,696	19,470,664	4,697,806	4,131,071	8,828,877	28,299,541	21,981,996
Total expenses	\$ 37,630,096	\$ 7,938,515	\$ 5,661,761	\$ 128,963	\$ 51,359,335	\$ 9,971,228	\$ 9,937,414	\$ 19,908,642	\$ 71,267,977	\$ 61,519,466

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

**NAACP LEGAL DEFENSE AND
EDUCATIONAL FUND, INC. AND AFFILIATE**
Consolidated Statements of Cash Flows
For the Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 8,139,784	\$ 30,909,311
<i>Adjustments to reconcile changes in net assets to net cash provided by operating activities</i>		
Depreciation and amortization	1,756,244	1,365,635
Right-of-use assets, net of liability	(91,357)	(26,846)
Donated securities	(6,916,822)	(1,932,061)
Net depreciation on investments and assets held in trust by others	(14,164,695)	(23,392,010)
Increase in accounts receivable	(107,221)	(614,612)
Decrease in contributions and court fees receivable	14,469,354	3,594,368
Increase in other assets	(1,884,581)	(184,378)
(Decrease) increase in accounts payable and accrued expenses and other liabilities	(601,075)	1,506,562
Net cash provided by operating activities	<u>599,631</u>	<u>11,225,969</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	251,527,318	243,021,462
Purchases of investments	(263,743,077)	(244,365,720)
Purchases of property and equipment	(1,212,701)	(1,869,631)
Net cash used in investing activities	<u>(13,428,460)</u>	<u>(3,213,890)</u>
Net (decrease) increase in cash and cash equivalents	(12,828,829)	8,012,079
Cash and cash equivalents, beginning of year	<u>48,256,248</u>	<u>40,244,169</u>
Cash and cash equivalents, end of year	<u>\$ 35,427,419</u>	<u>\$ 48,256,248</u>

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

**NAACP LEGAL DEFENSE AND
EDUCATIONAL FUND, INC. AND AFFILIATE**
Notes to Consolidated Financial Statements
For the Years Ended June 30, 2025 and 2024

NOTE 1 ORGANIZATION AND OPERATIONS

The accompanying consolidated financial statements include the financial position, changes in net assets, functional expenses and cash flows of the NAACP Legal Defense and Educational Fund, Inc. (LDF) and Earl Warren Legal Training Program, Inc. (EWLTP), which are collectively referred to as the “Fund.” The individual organizations have interrelated Boards of Directors and share common facilities and personnel. All material intercompany transactions and balances were eliminated in consolidation.

LDF’s primary purpose is supporting litigation in the areas of poverty and justice, education, voting rights, fair employment, capital punishment, and administration of criminal justice, and to increase educational opportunities through scholarships. Primary revenue sources include fundraising from the general public, corporations, and foundations; reimbursement of court costs and fees; and investment income. LDF maintains offices in New York and Washington, DC. EWLTP provides scholarship aid to minority law students. Its goal is to increase African American representation in the legal profession and meet the dire need of clients for skilled and knowledgeable attorneys.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting.

The consolidated financial statements are presented in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). Accordingly, the Fund is required to report information regarding its consolidated financial position and activities according to two net asset classes: without donor restrictions and with donor restrictions.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and judgments that affect the reported amount of assets and liabilities and disclosures of contingencies at the date of the consolidated financial statements and revenue and expenses recognized during the reporting period. Actual results could differ from those estimates.

**NAACP LEGAL DEFENSE AND
EDUCATIONAL FUND, INC. AND AFFILIATE**
Notes to Consolidated Financial Statements
For the Years Ended June 30, 2025 and 2024

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Credit Risk

The Fund invests in a professionally managed portfolio that contains mutual funds, money market funds and other investment funds. Such investments are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with such investments and the uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term could materially affect investment balances and the amounts reported in the consolidated financial statements.

Net Asset Classification

The Fund's net assets and revenue, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the Fund's net assets and the changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions: Net assets that are not subject to donor-imposed stipulations.

Net Assets With Donor Restrictions: Net assets subject to donor-imposed stipulations that may be met by actions of the Fund pursuant to those stipulations and/or the passage of time.

Net assets subject to donor-imposed stipulations also include amounts that allow for the principal to be maintained permanently by the Fund. Generally, the donors of these assets permit the Fund to use all or a part of the income earned on related investments for general or specific purposes.

Cash Equivalents

The Fund considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Contributions, Third-Party Donors and Revenue Recognition

Contributions of financial and nonfinancial assets, which include unconditional promises to give, are recognized as revenue in the period the pledge is made at fair value. Third-party donor collection funds are amounts collected by third-party donor aggregators (Aggregators) on behalf of the Fund. The collections are remitted net of service and merchant fees. The Fund records the donation gross along with the associated expenses. The associated expenses are included in bank and service charges in the consolidated statement of functional expenses. The Fund has established a policy for contributions received from Aggregators. Contributions received more than 90 days after the year end are recorded in the subsequent year.

**NAACP LEGAL DEFENSE AND
EDUCATIONAL FUND, INC. AND AFFILIATE**
Notes to Consolidated Financial Statements
For the Years Ended June 30, 2025 and 2024

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Contributions, Third-Party Donors and Revenue Recognition *(continued)*

The fair value of long-term contributions receivable is measured based on the present value of future cash flows, with consideration given to the donor's credit risk and expectation about possible variations in the amount and/or timing of the cash flows and other specific factors.

Contribution revenue is reported as increases in net assets without donor restrictions unless its use is limited by donor-imposed restrictions. Expiration of restrictions on net assets (*i.e.*, the donor-stipulated purpose was fulfilled and/or the stipulated time period elapsed) are reported as net assets released from donor restrictions. Donor-restricted contributions received during the year whose restrictions have been met within the year are recorded as contributions without donor restrictions.

Unexpended contributions with purpose restrictions are credited with investment income.

Legacies and bequests are recognized when an unassailable right to the gift has been established and the proceeds are measurable.

Allowance for Doubtful Accounts

The Fund provides an allowance for doubtful accounts for losses that may result from the inability of the debtor or donor to make payment on amounts owed or pledged to the Fund. Such allowance is based on several factors, including, but not limited to, the age of the receivables and the Fund's historical collection experience. Receivables that are determined to be uncollectible are charged against the allowance. As of June 30, 2025 and 2024, no allowance for doubtful accounts was deemed required.

Contribution of Nonfinancial Assets

Contribution of non-financial assets represent legal services reflected in the consolidated financial statements at their estimated fair values at the date of donation; see Note 12.

Investments

Investments are carried at their fair value based on quoted market prices. For purposes of determining the gain or loss on a sale, the cost of securities sold is based on the average cost of each security held at the date of sale. Purchases and sales of securities are recorded on a trade-date basis. See Note 6 for further discussion and disclosures related to fair value measurements.

**NAACP LEGAL DEFENSE AND
EDUCATIONAL FUND, INC. AND AFFILIATE**
Notes to Consolidated Financial Statements
For the Years Ended June 30, 2025 and 2024

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments *(continued)*

In accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, assets and liabilities measured at fair value are categorized into the following fair value hierarchy:

Level 1: Quoted prices for identical assets or liabilities in an active market that the Fund has the ability to access at the measurement date.

Level 2: Quoted prices in markets that are not active, quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3: Prices or valuation techniques that require inputs that are both significant to the fair value measurements and unobservable. These inputs reflect management's judgment about the assumptions that a market participant would use in pricing the investment and are based on the best available information, some of which may be internally developed.

The following valuation methodologies were used for assets measured at fair value:

Mutual funds, common stock and exchange-traded funds – Reported at fair value based on quoted market prices representing the interest/shares held.

U.S. Government and agency obligations and corporate bonds – Valued based on quoted market prices on national security exchanges, when available, or by using valuation models that incorporate certain other observable inputs, including recent trading activity for comparable securities and broker quoted prices.

Common collective trust – Determined using the net asset value (NAV) as a practical expedient. The NAV is determined four times a month (valuation dates) based upon the fair value of the underlying assets owned, less liabilities, divided by the number of outstanding units. Redemptions of the common collective trust units are made on the valuation dates. Complete liquidation requires 12 months' notice. The common collective trust had no unfunded commitments at June 30, 2025 and 2024.

Changes in valuation techniques may result in transfers in or out of an assigned level within the hierarchy.

**NAACP LEGAL DEFENSE AND
EDUCATIONAL FUND, INC. AND AFFILIATE**
Notes to Consolidated Financial Statements
For the Years Ended June 30, 2025 and 2024

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments *(continued)*

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

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded as earned. Dividends are recorded on the ex-dividend date. Net appreciation includes the Fund's gains and losses on investments bought, sold, and held during the year.

Investment Income and Investment Management Fees

Realized and unrealized gains and losses are included in the consolidated statement of activities as increases or decreases in unrestricted net assets, unless donor or relevant laws place temporary or permanent restrictions on these gains and losses. Changes in net unrealized appreciation are calculated based on the change in the difference between the cost and the fair values of investments at June 30 of the current year compared to the cost and the fair values of investments at June 30 of the prior year. Net appreciation in the fair values of investments is reflected in changes to net assets without donor restrictions and net assets with donor restrictions. Investment management fees of \$1,124,159 and \$864,411 have been incurred for the years ended June 30, 2025 and 2024, respectively.

Property and Equipment

Property and equipment are recorded at cost, if purchased, or at fair value at date of gift, if donated. Depreciation of the condominium interest, furniture, equipment, and website is provided on a straight-line basis over their estimated useful lives of 40 years for the condominium interest, 20 years for building improvements, five to 15 years for the furniture and equipment, and three years for website.

Depreciation is recorded on a half-year convention in both the year of asset acquisition and disposal. Leasehold improvements are amortized on a straight-line basis over the lesser of their estimated useful lives or the term of the lease, including extensions expected to be exercised.

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NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Property and Equipment *(continued)*

The Fund evaluates long-lived assets, which are held for use, for impairment whenever events or circumstances indicate exist that indicate the carrying value of these assets might not be recoverable. Management determined that no long-lived assets were impaired at June 30, 2025 and 2024.

Right-to-Use Assets

Office rent expense is recorded on a straight-line basis over the life of the lease (Note 9). The difference between the straight-line amount and the amount actually paid during the year is recorded as an offset to right-to-use assets as described in Note 9 and occupancy expense in the accompanying consolidated financial statements.

Assets Held in Trust by Others

Perpetual trusts held by outside trustees, through whom the Fund has an irrevocable right to receive the income earned on trust assets, are recognized in the accompanying consolidated statements of financial position as assets held in trust by others at the fair value of the Fund's share of the trust assets.

Distributions from the trusts are recorded as investment income and changes to the perpetual trusts' values are reported in net assets with donor restrictions.

Split-Interest Agreements

The Fund's interest in charitable remainder annuity trusts held by outside trustees is recognized in the accompanying consolidated statements of financial position as assets held in trust by others at the estimated fair value of amounts to be received upon termination of the trusts of \$50,697 and \$62,204 at June 30, 2025 and 2024, respectively. Annual adjustments to fair value amounts are recognized as net appreciation in net assets with donor restrictions on the consolidated statement of activities.

Court Costs and Attorney Fees Awarded

In connection with certain cases decided or settled in LDF's favor, attorney fees may be awarded. Revenue is recognized when notification is received from the courts.

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NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Defined Contribution Plan

The Fund has a voluntary defined contribution plan where employees make tax-deferred contributions through payroll deductions. As of January 1, 2019, the matching contribution is 6%. Additional discretionary contributions of \$250 per quarter are made to all eligible employees. All contributions are subject to certain limitations of the Internal Revenue Code (the Code).

Income Tax Status

LDF and EWLTP both qualify as charitable organizations, as defined by Code Section 501(c)(3) and, accordingly, are exempt from Federal income tax under Code Section 501(a). Additionally, since both entities are publicly supported, contributions to them qualify for the maximum charitable contribution deduction under the Code. LDF and EWLTP are also exempt from state and local income taxes.

U.S. GAAP requires management to evaluate uncertain tax positions taken by the Fund. The consolidated financial statement effects of a tax position are recognized when the position is more-likely-than-not, based on the technical merits, to be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by the Fund and has concluded that as of June 30, 2025, there were no uncertain tax positions taken or expected to be taken. The Fund has recognized no interest or penalties related to uncertain tax positions. The Fund is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes it is no longer subject to income tax examinations for years prior to 2022.

Summarized Financial Information

The amounts shown for the year ended June 30, 2024, in the accompanying consolidated financial statements were derived from the June 30, 2024, audited consolidated financial statements and are summarized totals that were included to provide a basis for comparison with 2025. Accordingly, the 2024 totals are not intended to present all information necessary for a fair presentation in conformity with U.S. GAAP.

Functional Allocation of Expenses

The costs associated with providing the Fund's programs and other activities have been summarized on a functional basis in the accompanying consolidated statement of activities, which includes all expenses incurred during the year. Certain costs have been allocated among the programs and supporting services benefited based on time or function.

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Notes to Consolidated Financial Statements
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NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Recent Accounting Pronouncement Adopted in the Current Year

During 2024, LDF adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2020-07, *Not-for Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The purpose of this amendment is to clarify the presentation and disclosure of contributed nonfinancial assets and to provide a clear understanding of what type of nonfinancial assets were received and how they are used and recognized. Adoption of this statement impacted the presentation and disclosure for LDF of contributions received for the years ended June 30, 2025 and 2024.

Accounting Pronouncements Not Yet Adopted

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which adds a new Topic 326 to the Codification and removes the thresholds that companies apply to measure credit losses on financial instruments measured at amortized cost, such as loans, receivables, and held-to-maturity debt securities.

Key provisions of the ASU are (1) an allowance for credit losses on financial instruments measured at amortized cost (such as loans, receivables, and held-to-maturity debt securities) will be measured as the difference between amortized cost and the amount of amortized cost that the entity expects to collect over the contractual life. The new guidance therefore eliminates all thresholds (such as probable or amortized cost being less than fair value) to recognize credit losses. (2) the existing specific guidance on recognizing interest income and credit losses for loans and debt securities acquired with deteriorated credit quality in ASC 310-30, *Receivables: Loans and Debt Securities Acquired with Deteriorated Credit Quality*, is removed. Upon acquisition, the allowance for credit losses on such assets will be recognized by increasing the amortized cost balance by a corresponding amount rather than through a charge to the income statement. However, the subsequent measurement and recognition of interest income and allowance for credit losses will be similar to other financial assets that are carried at amortized cost, (3) the credit loss recognition guidance for available-for-sale debt securities is amended and will require that credit losses on such debt securities should be recognized as an allowance for credit losses rather than a direct write-down of amortized cost balance, (4) the guidance on measurement of credit losses on beneficial interests in securitized financial assets is amended to align with the new credit loss measurement guidance.

The ASU is effective for public business entities that meet the definition of an SEC filer, ASU No. 2016-13 for fiscal years beginning after December 15, 2019. For all other entities, ASU No. 2016-13 is effective for fiscal years beginning after December 15, 2024. Hence, this ASU will be applicable for LDF in fiscal year 2026.

**NAACP LEGAL DEFENSE AND
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Notes to Consolidated Financial Statements
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NOTE 3 CASH AND CASH EQUIVALENTS

The Fund maintains its cash and cash equivalents in several bank accounts held by certain financial institutions. The cash in these accounts occasionally exceeds the amount insured by the Federal Deposit Insurance Corporation, subjecting the Fund to concentration of risk. However, the Fund regularly monitors this risk.

At June 30, 2025 and 2024, approximately 67% and 64%, respectively, of the Fund's cash and cash equivalents were held by two financial institutions.

NOTE 4 CONTRIBUTIONS AND COURT FEES RECEIVABLE, NET

Contributions and court fees receivable, net as of June 30, 2025 and 2024, were due as follows:

	<u>2025</u>	<u>2024</u>
Less than one year	\$ 11,166,375	\$ 19,545,693
One to five years	4,925,766	11,485,000
	16,092,141	31,030,693
Fair value adjustment	<u>(324,103)</u>	<u>(793,301)</u>
	<u>\$ 15,768,038</u>	<u>\$ 30,237,392</u>

Receivables that are due in more than one year are recorded at their fair value, using discount rates ranging from 3.0% to 5.0% per year for the years ended June 30, 2025 and 2024, respectively.

NOTE 5 INVESTMENTS

Investments as of June 30, 2025 and 2024 were as follows:

	<u>2025</u>		<u>2024</u>	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
Interest-bearing cash and cash equivalents	\$ 20,644,149	\$ 20,644,149	\$ 10,266,895	\$ 10,266,895
U.S. Government and agency obligations	94,145,080	93,763,649	101,642,536	100,231,535
Common stocks	101,072,776	85,134,515	81,889,641	69,967,692
Corporate bonds	27,625,216	27,528,373	10,183,899	10,383,046
Exchange-traded funds	<u>116,169,924</u>	<u>111,941,816</u>	<u>122,463,818</u>	<u>115,440,077</u>
	<u>\$ 359,657,145</u>	<u>\$ 339,012,502</u>	<u>\$ 326,446,789</u>	<u>\$ 306,289,245</u>

**NAACP LEGAL DEFENSE AND
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NOTE 6 FAIR VALUE MEASUREMENTS

The following tables set forth by level, within the fair value hierarchy described in Note 2, the Fund's investments at fair value:

As of June 30, 2025	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 35,427,419	\$ 35,427,419	\$ -	\$ -
INVESTMENTS				
Interest-bearing cash and cash equivalents	\$ 20,644,149	\$ 20,644,149	\$ -	\$ -
U.S. Government and agency obligations	94,145,080	-	94,145,080	-
Common stocks	101,072,776	94,422,904	-	6,649,872
Corporate bonds	27,625,216	-	27,625,216	-
<i>Exchange-traded funds</i>				
Stock	41,056,753	41,056,753	-	-
Fixed income	39,428,741	39,428,741	-	-
Real estate	10,016,331	10,016,331	-	-
Managed futures	25,668,099	25,668,099	-	-
Total investments	\$ 359,657,145	\$ 231,236,977	\$ 121,770,296	\$ 6,649,872
Assets held in trust by others, valued using NAV	\$ 1,889,176			
As of June 30, 2024				
Cash and cash equivalents	\$ 48,256,248	\$ 48,256,248	\$ -	\$ -
INVESTMENTS				
Interest-bearing cash and cash equivalents	\$ 10,266,895	\$ 10,266,895	\$ -	\$ -
U.S. Government and agency obligations	101,642,536	-	101,642,536	-
Common stocks	81,889,641	81,889,641	-	-
Corporate bonds	10,183,899	-	10,183,899	-
<i>Exchange-traded funds</i>				
Fixed income	42,118,084	42,118,084	-	-
Real estate	44,703,218	44,703,218	-	-
Managed futures	35,642,516	35,660,530	-	(18,014)
Total investments	\$ 326,446,789	\$ 214,638,368	\$ 111,826,435	\$ (18,014)
Assets held in trust by others, valued using NAV	\$ 1,802,256			

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NOTE 6 FAIR VALUE MEASUREMENTS *(continued)*

Level 3 activity for the years ended June 30 consisted of:

	<u>Managed Futures</u>	<u>Common Stocks</u>	<u>Total</u>
Balance at July 1, 2023	\$ -	\$ -	\$ -
Contributions	-	-	-
Unrealized gains (losses) included in earnings*	-	-	-
Unrealized gains (losses) included in OCI	-	-	-
Sales/Redemptions	-	-	-
Transfers into Level 3	-	-	-
Transfers out of Level 3	(18,014)	-	(18,014)
Balance at June 30, 2024	(18,014)	-	(18,014)
Contributions	-	5,190,144	5,190,144
Unrealized gains (losses) included in earnings*	-	1,459,728	1,459,728
Unrealized gains (losses) included in OCI	-	-	-
Sales/Redemptions	-	-	-
Transfers into Level 3	18,014	-	18,014
Transfers out of Level 3	-	-	-
Balance at June 30, 2025	\$ -	\$ 6,649,872	\$ 6,649,872

NOTE 7 PROPERTY AND EQUIPMENT, NET

The composition of property and equipment at June 30, 2025 and 2024, was as follows:

	<u>2025</u>	<u>2024</u>
Condominium	\$ 16,195,725	\$ 16,195,725
Furniture and equipment	724,214	1,588,662
Computer equipment	1,433,756	1,431,557
Website	1,520,593	1,039,990
Leasehold improvements	2,389,404	1,994,472
	<u>22,263,692</u>	<u>22,250,406</u>
Less: Accumulated depreciation and amortization	(9,349,642)	(8,792,813)
	<u>\$ 12,914,050</u>	<u>\$ 13,457,593</u>

Depreciation and amortization expenses were \$1,756,244 and \$1,365,639 for the years ended June 30, 2025 and 2024, respectively.

**NAACP LEGAL DEFENSE AND
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NOTE 8 DONOR-RESTRICTED NET ASSETS

Net assets with donor restrictions (including perpetual trusts held by outside trustees) totaled \$115,417,646 and \$111,304,705 at June 30, 2025 and 2024, respectively. These are categorized as follows based on the purposes for which the related investment income may be used pursuant to the respective donors' stipulations:

	<u>2025</u>	<u>2024</u>
<i>Purpose-restricted funds</i>		
Funds to be maintained in perpetuity	\$ 14,382,200	\$ 14,404,700
Funds for attorney salaries	7,309,314	7,308,586
Funds for legal programs	2,124,160	2,124,160
Funds for scholarships	455,425	455,425
<i>Perpetual trusts</i>		
Scholarships	1,838,447	1,740,052
Other	50,697	62,204
Subtotal	<u>26,160,243</u>	<u>26,095,127</u>
<i>Unappropriated income (loss) of endowment assets</i>		
General fund	50,834,622	32,520,687
Herbert Lehman Education	921,784	883,706
Earl Warren Legal Training	286,674	261,992
Subtotal	<u>52,043,080</u>	<u>33,666,385</u>
<i>Restricted as to the passage of time or purpose</i>		
Restricted for periods after		
June 30, 2025	17,510,477	21,779,672
Herbert Lehman Education	9,678,562	10,641,269
Earl Warren Legal Training	(28,720)	25,494
Thurgood Marshall Institute	420,588	1,364,735
Legal programs	9,633,416	17,732,023
Subtotal	<u>37,214,323</u>	<u>51,543,193</u>
Total	<u>\$ 115,417,646</u>	<u>\$ 111,304,705</u>

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NOTE 8 DONOR-RESTRICTED NET ASSETS *(continued)*

Net assets were released from donor restrictions in 2025 and 2024 by incurring expenses satisfying the restricted purposes or by the passage of time as follows:

	<u>2025</u>	<u>2024</u>
<i>Net assets released from restrictions due to appropriation of income from endowment assets</i>		
General and legal programs	\$ 35,988	\$ 2,223
Herbert Lehman scholarship program	129,612	105,720
Earl Warren scholarship program	<u>28,300</u>	<u>27,700</u>
	193,900	135,643
<i>Purpose restrictions net</i>		
Legal programs	6,179,026	7,474,555
Thurgood Marshall Institute	1,501,667	1,059,500
Herbert Lehman Education (including fundraising expenses of \$17,454 and \$56,030, respectively)	5,699,012	5,162,241
Earl Warren Legal Training (including fundraising expenses of \$290 and \$1,088, respectively)	100,955	187,897
Passage of time	<u>15,935,039</u>	<u>9,406,000</u>
	<u>\$ 29,609,599</u>	<u>\$ 23,425,836</u>

NOTE 9 LEASE

LDF entered a 10-year lease of office space in Washington, DC under a non-cancelable operating lease on July 23, 2018. The term of the lease is from October 1, 2018 to October 30, 2028.

LDF entered a 7½-year lease of office space in Atlanta, GA under a non-cancelable operating lease on November 17, 2022. The term of the lease is from September 1, 2023 to February 28, 2031.

The Fund determines if an arrangement is a lease at inception of the contract. The right-of-use assets represent the Fund's right to use the underlying assets for the lease term and the lease liabilities represent the Fund's obligation to make lease payments arising from the lease. Right-of-use assets and lease liabilities are recognized at commencement date based on the present value of lease payments over the lease term. The Fund uses its estimated incremental borrowing rate, which is derived from information available at the lease commencement date.

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NOTE 9 LEASE *(continued)*

Total lease expense for all operating leases was \$987,864 and \$885,767 for the years ended June 30, 2025 and, 2024, respectively, and is included in the accompanying consolidated statement of functional expenses. Included in this expense are fixed rental payments. The lease does not include variable rental payments.

Cash paid for rent was \$985,363 and \$1,034,977 for the years ended June 30, 2025 and 2024, respectively.

Weighted-average remaining lease term for the operating lease is 65 months.

Weighted-average discount rate for the operating lease is 4%.

Future minimum lease payments as of June 30, 2025, are as follows:

<u>Year</u>	<u>Amount</u>
2026	\$ 1,176,625
2027	1,256,554
2028	1,339,597
2029	567,708
2030	173,643
Thereafter	67,471
	<u>4,581,598</u>
Less: Present value discount	<u>(325,695)</u>
	<u>\$ 4,255,903</u>

NOTE 10 DEFINED CONTRIBUTION BENEFIT PLAN

Defined Contribution Plan

The Fund sponsors a defined contribution plan that has a year end of December 31. Net assets available for benefits of the plan were \$21,600,856 as of December 31, 2024. The Fund's contributions to the plan amounted to \$1,510,623 for the year ended December 31, 2024.

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**NOTE 11 AMOUNTS HELD IN ESCROW/COURT AWARDS AND FEES PENDING
DISTRIBUTION**

Upon the successful completion of cases, the court may make awards to members of the class action litigation or to participating attorneys. As of June 30, 2025 and 2024, LDF held in escrow \$3,423 and \$3,423, respectively, for members of the class and participating attorneys. The escrow amounts are invested in interest-bearing cash accounts.

NOTE 12 CONTRIBUTION OF NONFINANCIAL ASSETS

In fiscal years ended June 30, 2025 and 2024, the Fund received the following contribution of nonfinancial assets, which was recognized in the accompanying consolidated statement of activities at fair value on the date of receipt, which was determined by the contributor which was used for the representation of client cases:

	<u>2025</u>	<u>2024</u>
Legal services	\$ 8,602,325	\$ 3,915,123
Total contribution of nonfinancial assets	<u>\$ 8,602,325</u>	<u>\$ 3,915,123</u>

NOTE 13 ENDOWMENTS

LDF's endowment consists of funds established for a variety of purposes. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on donor-imposed restrictions and Board-designated funds are classified and reported as without donor restrictions.

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NOTE 13 ENDOWMENTS *(continued)*

The changes in Board-designated and endowment net assets for the years ended June 30, 2025 and 2024, are as follows:

<u>Year Ended June 30, 2025</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 77,326,689	\$ 57,959,256	\$ 135,285,945
<i>Investment return</i>			
Investment income	2,995,121	5,236,764	8,231,885
Net realized/unrealized appreciation (depreciation) in value of investments	671,204	13,178,416	13,849,620
Contributions	-	728	728
Appropriation for expenditures	61,600	(61,600)	-
Expenditures	<u>(8,776,600)</u>	<u>-</u>	<u>(8,776,600)</u>
Endowment net assets, end of year	<u>\$ 72,278,014</u>	<u>\$ 76,313,564</u>	<u>\$ 148,591,578</u>
<u>Year Ended June 30, 2024</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 77,006,559	\$ 33,167,998	\$ 110,174,557
<i>Investment return</i>			
Investment income	1,779,422	4,156,847	5,936,269
Net realized/unrealized appreciation (depreciation) in value of investments	2,390,708	20,688,051	23,078,759
Contributions	-	7,260	7,260
Appropriation for expenditures	60,900	(60,900)	-
Expenditures	<u>(3,910,900)</u>	<u>-</u>	<u>(3,910,900)</u>
Endowment net assets, end of year	<u>\$ 77,326,689</u>	<u>\$ 57,959,256</u>	<u>\$ 135,285,945</u>

At June 30, 2025 and 2024, the endowment fund composition by net asset classification is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted funds	\$ -	\$ 76,313,564	\$ 76,313,564
Board-designated	<u>72,278,014</u>	<u>-</u>	<u>72,278,014</u>
Endowment net assets, June 30, 2025	<u>\$ 72,278,014</u>	<u>\$ 76,313,564</u>	<u>\$ 148,591,578</u>

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NOTE 13 **ENDOWMENTS** *(continued)*

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted funds	\$ -	\$ 57,959,256	\$ 57,959,256
Board-designated	<u>77,326,689</u>	<u>-</u>	<u>77,326,689</u>
Endowment net assets, June 30, 2024	<u>\$ 77,326,689</u>	<u>\$ 57,959,256</u>	<u>\$ 135,285,945</u>

Funds with Deficiencies

Occasionally, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or New York Prudent Management of Institutional Funds Act. requires the Fund to retain as a fund of perpetual duration. In accordance with U.S. GAAP, deficiencies of this nature are reported in net assets without donor restrictions. There were no such deficiencies as of June 30, 2025 and 2024.

Return Objectives and Risk Parameters

LDF adopted investment and spending policies for endowment assets, which 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 donor-restricted funds that LDF must hold in perpetuity or for donor-specified periods or purposes and related unappropriated investment income. Endowment assets also include Board-designated funds that LDF chooses to retain for future unspecified needs. Under this policy, as approved by the Board of Directors' Investment Committee, endowment assets are invested with the intent of preserving the assets of donor-restricted funds that LDF must hold in perpetuity, while assuming a low level of investment risk. Over time, LDF expected its endowment funds to provide an average rate of return of approximately 6.5% for both fiscal years 2025 and 2024. Actual returns in any given year may vary from this amount. The actual rate of return for fiscal year 2025 and 2024 was 7.20% and 11.43%, respectively.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The endowments are to be considered a permanent fund. As such, the investment objectives require disciplined and consistent management philosophies that accommodate all relevant, reasonable, and probable events. Therefore, a periodic review of total rate-of-return and spending rate objectives is required. Extreme positions or variations in management style are not consistent with these objectives. LDF's spending policy allows up to 5% of the fair value of the portfolio if funds are available, subject to donor-stipulated restrictions.

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NOTE 13 **ENDOWMENTS** *(continued)*

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Fund 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 Fund targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

NOTE 14 **RELATED PARTIES**

During fiscal years 2025 and 2024, members of LDF's Board of Directors donated approximately \$859,541 and \$1,604,432, respectively, to LDF. LDF has accounted for their contributions within its consolidated financial statements. LDF's policy is to require directors to disclose affiliations and review and authorize such transactions, as appropriate.

NOTE 15 **DEFERRED COMPENSATION PLAN**

LDF offers its senior leadership team members, with a minimum of five years of service, a deferred compensation plan in accordance with Code Section 457. The plan permits LDF to make contributions on behalf of eligible members, and for employees to defer a portion of their salaries until future years. Participation in the plan is optional, and participants elect how their salary deferrals, and the employer contributions are invested. The deferred compensation is not available to employees until termination, retirement, death, or unforeseen emergency. These assets and liabilities of the 457 Plan are part of LDF's general operating assets and liabilities until the deferrals are disbursed in accordance with the plan.

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Notes to Consolidated Financial Statements
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NOTE 16 LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the consolidated statement of financial position date, comprise of the following:

	<u>2026</u>
Cash and cash equivalents	\$ 35,427,419
Accounts receivable	1,264,944
Investments	359,657,145
Contributions and court fees receivable	<u>11,166,375</u>
Total financial assets available within one year	407,515,883
<i>Less:</i>	
Board-designated funds	(72,278,014)
Amounts unavailable for general expenditures within one year, due to restrictions by donors with purpose and/or time restrictions	<u>(111,765,983)</u>
Total financial assets available to management for general expenditures within one year	<u>\$ 223,471,886</u>

Endowment funds consist of donor-restricted endowments and funds designated by the Board as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

Net contributions and court fees receivable due in more than one year, as noted in Note 4, with donor restrictions are not reflected in financial assets available to management for general expenditure above.

Net contributions and court fees receivable of \$4,601,663 due more than one year from the 2025 consolidated financial statement date, plus the amount of \$110,815,983 equals the total net assets with donor restrictions of \$115,417,646 per the consolidated statement of financial position as of June 30, 2025.

The Board-designated reserve fund of \$72,278,014 could be made available, if necessary, but the amount has been deducted to reflect financial assets available to management for general expenditure.

As part of LDF's liquidity plan, cash in excess of daily requirements is invested in short-term investments, and money market funds.

**NAACP LEGAL DEFENSE AND
EDUCATIONAL FUND, INC. AND AFFILIATE**
Notes to Consolidated Financial Statements
For the Years Ended June 30, 2025 and 2024

NOTE 17 SUBSEQUENT EVENTS

The Fund evaluated events subsequent to June 30, 2025, through February 12, 2026, the date the consolidated financial statements were available to be issued, and determined that there were no subsequent events that required recognition or disclosure.

CONSOLIDATING SUPPLEMENTAL INFORMATION

**NAACP LEGAL DEFENSE AND
EDUCATIONAL FUND, INC. AND AFFILIATE**
Consolidating Statement of Financial Position
As of June 30, 2025
(With Summarized Financial Information for 2024)

	NAACP Legal Defense and Educational Fund, Inc.	Earl Warren Legal Training Program, Inc.	2025 Total	2024 Total
ASSETS				
Cash and cash equivalents	\$ 35,389,914	\$ 37,505	\$ 35,427,419	\$ 48,256,248
Accounts receivable	1,264,245	699	1,264,944	1,157,723
Contributions and court fees receivable	15,728,515	39,523	15,768,038	30,237,392
Amounts held in escrow	3,423	-	3,423	3,423
Investments	358,915,745	741,400	359,657,145	326,446,789
Right-of-use assets	3,604,892	-	3,604,892	3,780,970
Deferred compensation plan	481,932	-	481,932	208,923
Other assets	3,411,913	422	3,412,335	1,527,754
Intercompany receivable (payable)	106,170	(106,170)	-	-
Property and equipment, net	12,914,050	-	12,914,050	13,457,593
Assets held in trust by others	1,889,176	-	1,889,176	1,802,256
Total assets	\$ 433,709,975	\$ 713,379	\$ 434,423,354	\$ 426,879,071
LIABILITIES AND NET ASSETS				
<i>Liabilities</i>				
Accounts payable and accrued expenses	\$ 5,621,818	\$ -	\$ 5,621,818	\$ 6,222,893
Lease liability	4,255,903	-	4,255,903	4,523,338
Deferred compensation plan	481,932	-	481,932	208,923
Court awards and fees pending distribution	3,423	-	3,423	3,423
Total liabilities	10,363,076	-	10,363,076	10,958,577
<i>Net assets</i>				
<i>Without donor restrictions</i>				
Available for operations	223,450,568	-	223,450,568	213,831,507
Board designated	72,278,014	-	72,278,014	77,326,689
Invested in property and equipment	12,914,050	-	12,914,050	13,457,593
Total without donor restrictions	308,642,632	-	308,642,632	304,615,789
With donor restrictions	114,704,267	713,379	115,417,646	111,304,705
Total net assets	423,346,899	713,379	424,060,278	415,920,494
Total liabilities and net assets	\$ 433,709,975	\$ 713,379	\$ 434,423,354	\$ 426,879,071

**NAACP LEGAL DEFENSE AND
EDUCATIONAL FUND, INC. AND AFFILIATE**
Consolidating Statement of Activities
For the Year Ended June 30, 2025
(With Summarized Financial Information for 2024)

	NAACP Legal Defense and Educational Fund, Inc.	Earl Warren Legal Training Program, Inc.	2025 Total	2024 Total
REVENUE, GAINS, AND OTHER SUPPORT				
Contributions	\$ 39,299,938	\$ 46,084	\$ 39,346,022	\$ 50,148,661
Contribution of non-financial assets	8,602,325	-	8,602,325	3,915,123
Third-party donor collection funds	1,659,994	-	1,659,994	1,098,079
Bequests	1,938,582	-	1,938,582	2,333,440
Special events, net of direct benefits to donor cost of \$529,767 and \$374,190, respectively	2,481,842	-	2,481,842	3,063,672
Court costs and attorney fees awarded	1,382,868	-	1,382,868	972,678
Investment income, net of fees of \$1,232,605 and \$1,035,556, respectively	9,777,794	53,639	9,831,433	7,505,114
Net appreciation (depreciation) on investments and assets held in trust by others	14,164,695	-	14,164,695	23,392,010
Total revenue, gains, and other support	<u>79,308,038</u>	<u>99,723</u>	<u>79,407,761</u>	<u>92,428,777</u>
EXPENSES				
<i>Program services</i>				
Legal programs	37,630,096	-	37,630,096	32,722,968
Thurgood Marshall Institute	7,938,515	-	7,938,515	5,968,182
Herbert Lehman Education	5,661,761	-	5,661,761	5,211,958
Earl Warren Legal Training	-	128,963	128,963	186,809
Total program services	<u>51,230,372</u>	<u>128,963</u>	<u>51,359,335</u>	<u>44,089,917</u>
<i>Supporting services</i>				
Fundraising	9,970,936	292	9,971,228	9,872,876
Management and general	9,937,414	-	9,937,414	7,556,673
Total supporting services	<u>19,908,350</u>	<u>292</u>	<u>19,908,642</u>	<u>17,429,549</u>
Total expenses	<u>71,138,722</u>	<u>129,255</u>	<u>71,267,977</u>	<u>61,519,466</u>
Changes in net assets before other credit	8,169,316	(29,532)	8,139,784	30,909,311
Net assets, beginning of year	415,177,583	742,911	415,920,494	385,011,183
Net assets, end of year	<u>\$ 423,346,899</u>	<u>\$ 713,379</u>	<u>\$ 424,060,278</u>	<u>\$ 415,920,494</u>

