

NATIONAL HEALTH LAW PROGRAM, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NATIONAL HEALTH LAW PROGRAM, INC.

TABLE OF CONTENTS

	<u>PAGE</u>
Independent auditors' report	1 - 2
Financial statements:	
Statements of financial position	3
Statements of activities and changes in net assets	4 - 5
Statements of functional expenses	6 - 7
Statements of cash flows	8
Notes to financial statements	9 - 21



INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
National Health Law Program, Inc.

Opinion

We have audited the accompanying financial statements of National Health Law Program, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2025 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of National Health Law Program, Inc. as of December 31, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of National Health Law Program, Inc. 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.

Prior Period Financial Statements

The financial statements as of December 31, 2024, were audited by other auditors whose report dated March 21, 2025, expressed an unmodified opinion on those statements.

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 National Health Law Program, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

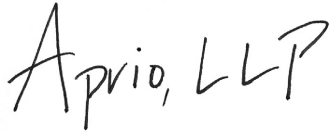
Auditors' Responsibilities for the Audit of the Financial Statements

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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, 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 National Health Law Program, Inc.'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 National Health Law Program, Inc.'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.

A handwritten signature in black ink that reads "Aprivo, LLP". The signature is written in a cursive, flowing style.

Woodland Hills, California
March 27, 2026

**NATIONAL HEALTH LAW PROGRAM, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2025 AND 2024**

ASSETS

	<u>2025</u>	<u>2024</u>
<u>Current assets:</u>		
Cash and cash equivalents	\$ 1,665,344	\$ 1,071,033
Funds held in trust	106,864	-
Investments	25,262,546	21,662,253
Current portion of grants and contributions receivable	5,062,477	3,676,569
Accounts receivable	351,570	239,653
Prepaid expenses and other assets	<u>93,473</u>	<u>142,685</u>
Total current assets	<u>32,542,274</u>	<u>26,792,193</u>
<u>Other assets:</u>		
Right-of-use assets - operating	570,327	728,989
Funds held in trust	-	105,813
Grants and contributions receivable, net of current portion	2,181,532	226,500
Deferred rent asset	19,049	8,681
Deposits	<u>19,608</u>	<u>19,608</u>
Total assets	<u>\$ 35,332,790</u>	<u>\$ 27,881,784</u>

LIABILITIES AND NET ASSETS

<u>Current liabilities:</u>		
Accounts payable	\$ 368,021	\$ 280,366
Accrued expenses	612,895	440,069
Deferred revenue	8,333	-
Funds held in trust	106,864	-
Current portion of lease liabilities - operating	<u>185,049</u>	<u>146,985</u>
Total current liabilities	1,281,162	867,420
<u>Long-term liabilities:</u>		
Funds held in trust	-	105,813
Lease liabilities - operating, net of current portion	<u>454,738</u>	<u>625,358</u>
Total liabilities	<u>1,735,900</u>	<u>1,598,591</u>
<u>Net assets:</u>		
Without donor restrictions	21,527,078	20,325,943
With donor restrictions	<u>12,069,812</u>	<u>5,957,250</u>
Total net assets	<u>33,596,890</u>	<u>26,283,193</u>
Total liabilities and net assets	<u>\$ 35,332,790</u>	<u>\$ 27,881,784</u>

See accompanying notes to the financial statements

**NATIONAL HEALTH LAW PROGRAM, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2025**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>Revenues and other support:</u>			
Grants	\$ 4,752,784	\$ 10,912,023	\$ 15,664,807
Contributions and gifts	677,421	-	677,421
In-kind contributions	339,667	-	339,667
Service income	2,017,990	-	2,017,990
Investment income, net	1,555,649	-	1,555,649
Other income	93,990	-	93,990
Net assets released from restrictions	<u>4,799,461</u>	<u>(4,799,461)</u>	<u>-</u>
Total revenues and other support	<u>14,236,962</u>	<u>6,112,562</u>	<u>20,349,524</u>
<u>Expenses:</u>			
Program	10,036,889	-	10,036,889
Supporting activities:			
General and administrative	2,285,903	-	2,285,903
Fundraising	<u>713,035</u>	<u>-</u>	<u>713,035</u>
Total expenses	<u>13,035,827</u>	<u>-</u>	<u>13,035,827</u>
Change in net assets	1,201,135	6,112,562	7,313,697
Net assets at beginning of year	<u>20,325,943</u>	<u>5,957,250</u>	<u>26,283,193</u>
Net assets at end of year	<u>\$ 21,527,078</u>	<u>\$ 12,069,812</u>	<u>\$ 33,596,890</u>

See accompanying notes to the financial statements

**NATIONAL HEALTH LAW PROGRAM, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2024**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>Revenues and other support:</u>			
Grants	\$ 4,470,340	\$ 5,313,993	\$ 9,784,333
Contributions and gifts	359,111	-	359,111
In-kind contributions	519,745	-	519,745
Service income	1,423,305	-	1,423,305
Investment income, net	1,542,797	-	1,542,797
Other income	91,550	-	91,550
Net assets released from restrictions	<u>6,067,113</u>	<u>(6,067,113)</u>	<u>-</u>
Total revenues and other support	<u>14,473,961</u>	<u>(753,120)</u>	<u>13,720,841</u>
<u>Expenses:</u>			
Program	9,120,759	-	9,120,759
Supporting activities:			
General and administrative	1,861,392	-	1,861,392
Fundraising	<u>743,113</u>	<u>-</u>	<u>743,113</u>
Total expenses	<u>11,725,264</u>	<u>-</u>	<u>11,725,264</u>
Change in net assets	2,748,697	(753,120)	1,995,577
Net assets at beginning of year	<u>17,577,246</u>	<u>6,710,370</u>	<u>24,287,616</u>
Net assets at end of year	<u>\$ 20,325,943</u>	<u>\$ 5,957,250</u>	<u>\$ 26,283,193</u>

See accompanying notes to the financial statements

**NATIONAL HEALTH LAW PROGRAM, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2025**

	<u>Program services</u>	<u>General and administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and wages	\$ 6,056,511	\$ 1,200,355	\$ 540,943	\$ 7,797,809
Fringe benefits	1,474,386	292,212	131,687	1,898,285
Sub-grants	1,017,938	-	-	1,017,938
Consultants	351,559	534,181	16,387	902,127
In-kind contributions	339,667	-	-	339,667
Meetings and events	295,402	35,146	2,859	333,407
Facility and equipment	171,382	107,579	372	279,333
Travel	118,609	47,362	4,200	170,171
Supplies and materials	63,990	37,791	113	101,894
Licenses and fees	41,317	10,876	16,204	68,397
Sub-contractors	61,255	1,695	-	62,950
Mailing and production	29,612	3,664	270	33,546
Insurance and other expenses	15,261	7,343	-	22,604
Other non-personnel expenses	<u>-</u>	<u>7,699</u>	<u>-</u>	<u>7,699</u>
Total	<u>\$ 10,036,889</u>	<u>\$ 2,285,903</u>	<u>\$ 713,035</u>	<u>\$ 13,035,827</u>

See accompanying notes to the financial statements

**NATIONAL HEALTH LAW PROGRAM, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024**

	<u>Program services</u>	<u>General and administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and wages	\$ 5,344,642	\$ 972,309	\$ 554,795	\$ 6,871,746
Fringe benefits	1,285,154	248,440	133,392	1,666,986
Sub-grants	1,148,500	-	-	1,148,500
Consultants	367,174	398,822	13,084	779,080
In-kind contributions	519,745	-	-	519,745
Facility and equipment	139,847	132,632	378	272,857
Travel	62,871	44,025	11,150	118,046
Supplies and materials	64,333	21,603	292	86,228
Licenses and fees	53,859	4,869	24,670	83,398
Meetings and events	38,855	23,538	5,168	67,561
Sub-contractors	47,287	-	-	47,287
Other non-personnel expenses	25,638	4,075	-	29,713
Insurance and other expenses	14,584	7,201	-	21,785
Mailing and production	<u>8,270</u>	<u>3,878</u>	<u>184</u>	<u>12,332</u>
Total	<u>\$ 9,120,759</u>	<u>\$ 1,861,392</u>	<u>\$ 743,113</u>	<u>\$ 11,725,264</u>

See accompanying notes to the financial statements

**NATIONAL HEALTH LAW PROGRAM, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024**

	<u>2025</u>	<u>2024</u>
<u>Cash flows from operating activities</u>		
Change in net assets	\$ 7,313,697	\$ 1,995,577
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Amortization of right-of-use assets	158,662	105,854
Non-cash lease expense	30,596	34,095
Net realized and unrealized gains on investments	(814,280)	(590,943)
Contributed stock	(3,936,728)	(1,789,681)
Proceeds from sales of contributed stock	3,934,394	1,780,679
(Increase) decrease in assets:		
Grant receivable	(3,340,940)	(1,471,174)
Account receivable	(111,917)	72,593
Prepaid expenses	49,212	(97,110)
Deferred rent asset	(10,368)	(8,681)
Deposits	-	(2,102)
Increase (decrease) in liabilities:		
Accounts payable	87,655	(461,877)
Accrued expenses	172,826	24,089
Funds held in trust	1,051	105,813
Deferred revenue	8,333	-
Lease liabilities	<u>(163,152)</u>	<u>(139,248)</u>
Net cash provided by (used in) operating activities	<u>3,379,041</u>	<u>(442,116)</u>
<u>Cash flows from investing activities</u>		
Purchases of investments	(18,320,038)	(16,427,506)
Proceeds from maturity of investments	<u>15,536,359</u>	<u>15,981,084</u>
Net cash used in investing activities	<u>(2,783,679)</u>	<u>(446,422)</u>
Net increase (decrease) in cash, cash equivalents and restricted funds	595,362	(888,538)
Cash, cash equivalents, and restricted cash, beginning	<u>1,176,846</u>	<u>2,065,384</u>
Cash, cash equivalents, and restricted cash, ending	\$ <u>1,772,208</u>	\$ <u>1,176,846</u>
<u>Supplemental disclosure of non-cash investing and financing activity</u>		
Contribution through contributed stock	\$ <u>3,936,728</u>	\$ <u>1,789,681</u>

See accompanying notes to the financial statements

NATIONAL HEALTH LAW PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

Note 1
Nature of Organization

Organization:

National Health Law Program, Inc. (the "Organization") was organized in March 1976 pursuant to the General Nonprofit Corporation Law of California. The Organization is a national public interest law firm, supported primarily through donor contributions and grants, that seeks to improve healthcare for America's working and unemployed poor, minorities, elderly and people with disabilities through concentrated efforts in key health policies such as Medicaid services, essential health benefits, reproductive and behavioral health, child and adolescent health, immigrant health, and disability rights. The Organization provides legal services to community-based organizations, the private bar, providers, and individuals who work to preserve a healthcare safety net for the millions of uninsured or underinsured low-income people.

Note 2
Summary of Significant Accounting Policies

Basis of Accounting:

The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Financial Statement Presentation:

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- *Net Assets Without Donor Restrictions:* Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the Board of Directors.
- *Net Assets With Donor Restrictions:* Net assets subject to stipulations imposed by donors and grantors. Some donor-imposed restrictions may be temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions may be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Use of Estimates:

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

**NATIONAL HEALTH LAW PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

Note 2
Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents:

The Organization considers all highly liquid financial instruments purchased with an original maturity of three months or less which are neither held for nor restricted by donors for long-term purposes, to be cash equivalents.

Restricted Cash:

In October 2024, the Organization entered into a monitoring fee agreement in connection with a legal settlement. Along with two other parties, the Organization is responsible for overseeing the defendant's compliance with the settlement terms. Under this agreement, the Organization received \$105,813 to be held in an interest-bearing trust account. Principal plus accrued interest earned was allocated and disbursed to the designated parties in January 2026. As such, the principal and accrued interest were reported as both as an asset and a corresponding liability on the statement of financial position.

The following table provides a reconciliation of cash and cash equivalents and restricted cash reported within the statement of financial position that sum to the total of the same such amounts shown in the statement of cash flows:

	2025	2024
Cash and cash equivalents	\$ 1,665,344	\$ 1,071,033
Funds held in trust	106,864	105,813
Total cash and cash equivalents and restricted cash	\$ 1,772,208	\$ 1,176,846

Concentration of Credit Risk Arising from Cash Deposits in Excess of Insured Limits:

The Organization maintains cash balances at one commercial bank, these balances can exceed the Federal Deposit Insurance Corporation ("FDIC") deposit limit of \$250,000 per financial institution. At December 31, 2025 and 2024, the Organization's cash balances held at the commercial bank exceeded the FDIC limit by approximately \$561,000 and \$790,000, respectively. The majority of these balances are held in a brokerage account, which the Organization actively monitors and invests primarily in fixed-income instruments, including U.S. Treasury bills and certificates of deposit, to manage exposure and mitigate concentration risk related to FDIC limits. The Organization has not experienced any losses through the date when the financial statements were available to be issued.

NATIONAL HEALTH LAW PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

Note 2

Summary of Significant Accounting Policies (Continued)

Revenue Recognition:

Exchange Transactions

In accordance with FASB Topic 606, *Revenue from Contracts with Customers*, or ASC 606, the Organization recognizes revenue from exchange transactions when a customer obtains control of promised goods or services, in an amount that reflects the consideration the Organization expects to receive in exchange for those goods or services. To determine revenue recognition, the Organization performs the following five steps:

- Identification of the contract, or contracts, with a customer (Step 1)
- Identification of the performance obligation(s) in the contract (Step 2)
- Determination of the transaction price (Step 3)
- Allocation of the transaction price to the performance obligation(s) in the contract (Step 4)
- Recognition of revenue when or as the Organization satisfies the performance obligations (Step 5)

The following revenue streams relate to exchange transactions and are described further below:

Service Income

Service income consists of Service Contracts, Attorney Fees, and Conference Fees.

Service contracts are primarily comprised of professional services under fixed-price and cost-reimbursable contracts. Service contracts are considered a single performance obligation and revenue is recognized over time using an output method or costs incurred to date, because there is an enforceable right to payment and the goods and services do not create an asset with an alternative use. The output method is based on the right to invoice practical expedient, allowing the Organization to recognize revenue in the amount for which it has the right to invoice, which corresponds directly with the value of the entity's performance completed to date.

Attorney fees are for services provided on a contingent basis and are recognized as a single performance obligation upon settlement of the related legal case. The Organization is not able to estimate the variable consideration for current ongoing cases, as the future outcome is highly susceptible to factors outside of the Organization's control. When and if the Organization receives a favorable judgment, revenue is recognized to the extent of attorney fees received from the settlement once amounts are determinable. The Organization reviews and updates estimates of variable consideration at each reporting date until the uncertainty is resolved.

Conference fees are derived from an annual conference held by the Organization. Revenue is recognized on the date the event takes place.

NATIONAL HEALTH LAW PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

Note 2

Summary of Significant Accounting Policies (Continued)

Other Income Revenue

Included in other income is rental income that arises from an operating sublease. Rental income is recognized on a straight-line basis over the term of the lease, in accordance with Topic 842 *Leases*. The difference between rent income recognized and rental payments received, as stipulated in the lease, is reflected as deferred rent asset in the statements of financial position.

Contributions and Other Revenue Not Subject to ASC 606

Grants and Contributions

The Organization recognizes grants and contributions and gifts as revenue when they are received or unconditionally pledged and records these revenues as with donor restrictions or without donor restrictions according to donor stipulations that limit the use of these assets due to either a time or purpose restriction. Contributions received with donor restrictions that are met in the year of receipt are recorded as revenues without donor restrictions. When a restriction expires or is met in a subsequent year, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities and changes in net assets.

Grants are generally awarded through formal agreements that require execution by both the grantor and the Organization. Revenue from these grants is recognized once the agreement is fully executed, which establishes an enforceable promise to give.

Contributions and gifts are recognized when such represent an unconditional promise to give and there are no substantive conditions or barriers to entitlement.

Contributions to be received in future periods are discounted at an appropriate discount rate. Amortization of discounts on multi-year pledges is recorded as additional contribution revenue and as either with or without donor restrictions based on any donor-imposed restrictions, if any, on the related contributions.

Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

NATIONAL HEALTH LAW PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

Note 2

Summary of Significant Accounting Policies (Continued)

Grants and Contributions Receivable:

Grants and contributions that are expected to be collected within one year are recorded at net realizable value. Grants and contributions expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities and changes in net assets. Conditional grants and contributions are not recognized until the conditions on which they depend have been substantially met. Grants and contributions that are restricted by donors for future periods or specific purposes are reported as net assets with donor restrictions. The allowance for uncollectible grants and contributions is determined based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Grants and contributions are written off when deemed uncollectible. Management has deemed no allowance is considered necessary at December 31, 2025 and 2024.

Accounts Receivable:

The face amount of accounts receivable is reduced by an allowance for credit losses, if needed. The allowance for credit losses estimates the allowance for lifetime expected credit losses. Estimates of expected credit losses are based on historical collection experience and other factors, including current market factors, and forecasted economic conditions. Management has deemed the allowance to be immaterial; therefore, no allowance for credit losses is considered necessary at December 31, 2025 and 2024.

Investments:

Investments are recorded at cost, if purchased, or at fair value on the date of donation, if donated. Gains and losses, both realized and unrealized, resulting from increases or decreases in the fair value of investments are reflected in the statements of activities and changes in net assets as increases or decreases in net assets without donor restrictions unless the use was restricted by explicit donor stipulations or by law.

The Organization's investments are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with investments, it is at least reasonably possible that changes in the fair value of investments may occur in the near term and could materially affect the amounts reported in the financial statements.

NATIONAL HEALTH LAW PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

Note 2

Summary of Significant Accounting Policies (Continued)

Fair Value Measurements:

The Organization applies FASB ASC 820, *Fair Value Measurements* ("ASC 820"), which establishes a framework for measuring fair value and expands disclosure requirements about fair value measurements. ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820 requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. ASC 820 also establishes a fair value hierarchy, which prioritizes the valuation inputs into three broad levels.

The three general valuation techniques that may be used to measure fair value are described below:

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

Level 2 Inputs to the valuation methodology include:

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

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

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

The following are descriptions of the valuation methods and assumptions used by the Organization to estimate the fair values of certain financial instruments. There have been no changes to the methodologies used at December 31, 2025 and 2024.

Fixed income

Composed of government securities, U.S. corporate bonds, and certificates of deposits with initial maturity dates in excess of three months, which are valued based on a quoted price in an inactive market provided by recognized broker dealers who use pricing models maximizing the use of observable inputs for similar securities.

NATIONAL HEALTH LAW PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

Note 2
Summary of Significant Accounting Policies (Continued)

Leases:

The Organization recognizes leases in accordance with Topic 842, *Leases*. As such the Organization considers specific criteria when determining whether a contract is (or contains) a lease and recognizes right-of-use ("ROU") assets and lease liabilities at the lease's inception and when the terms of an existing contract are changed. A contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset.

Variable lease costs are recognized in the period the obligation is incurred and are based on charges for variable operating costs. The discount rate is the implicit rate, if it is readily determinable, or the risk-free rate in determining the imputed interest and present value of lease payments. The Organization recognizes the single lease cost on a straight-line basis over the remaining lease term for operating leases.

The Organization has elected to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement and do not include an option to purchase the underlying asset that the Organization is reasonably certain to exercise. The Organization recognizes lease costs associated with its short-term leases on a straight-line basis over the lease term. When contracts contain lease and non-lease components, the Organization accounts for both components as a single lease component.

Valuation of Long-Lived Assets:

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be fully recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceed the estimated fair value of the assets. Fair value is determined primarily using the anticipated cash flows discounted at a rate commensurate with the risk involved. Assets to be disposed of are reportable at the lower of the carrying amount or fair value, less costs to sell.

The Organization did not recognize an impairment charge on its long-lived assets during the years ended December 31, 2025 and 2024.

Functional Expense Allocation:

The cost of providing the various programs and activities has been summarized on a functional basis in the statements of activities and changes in net assets. Expenses are directly charged to the program services and supporting activities other than those that benefit multiple functions. The financial statements report certain categories of expenses that are attributable to one or more program or supporting activities of the Organization. Allocated expenses include compensation and related costs, and employee benefits, which are allocated on a basis of time and effort. Other expenses allocated include occupancy and other operating expenses, which are allocated based on number of employees.

NATIONAL HEALTH LAW PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

Note 2

Summary of Significant Accounting Policies (Continued)

In-Kind Contributions:

In-kind contributions consist of contributed professional legal services, which are recorded at the fair values of the services received, based on estimated billing rates. In-kind contributions are considered without restriction unless specifically restricted by the donor.

For the years ended December 31, 2025 and 2024, in-kind contributions recognized within the statement of activities totaled \$339,667 and \$519,745, respectively. The contributed legal services were used in program services.

Sub-Grants:

The Organization's sub-grant expenditures that are not subject to future donor-imposed conditions are considered unconditional. Sub-grant expense is recognized once the agreement is fully executed, which establishes an enforceable promise to give. Conditional sub-grants are recognized as grant expense in the period in which the grantee meets the terms of the conditions.

Tax Exempt Status:

The Organization is incorporated as a nonprofit organization and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code as a publicly-supported organization. The Organization evaluates uncertainty in income tax positions based on a more-likely-than-not recognition standard. If that threshold is met, the tax position is then measured at the largest amount that is greater than 50% likely of being realized upon ultimate settlement. As of December 31, 2025 and 2024, there are no accruals for uncertain tax positions. If applicable, the Organization records interest and penalties as a component of income tax expense.

By statute, the Organization's federal and state income tax returns generally remain subject to examination by taxing authorities for three and four years, respectively, from the date the return is filed.

NATIONAL HEALTH LAW PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

Note 3

Liquidity and Availability of Resources

The Organization's financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, comprise the following as of December 31:

	2025	2024
Financial assets available for general expenditure within one year:		
Cash and cash equivalents	\$ 1,665,344	\$ 1,071,033
Funds held in trust	106,864	-
Investments	25,262,546	21,662,253
Current portion of grants receivable	5,062,477	3,676,569
Accounts receivable	351,570	239,653
Total financial assets	32,448,801	26,649,508
Less:		
Funds held in trust (contractual limitations)	(106,864)	-
Grants receivable - purpose restricted (within one year)	(3,512,477)	(3,061,569)
Total financial assets available for general expenditure within one year	\$ 28,829,460	\$ 23,587,939

The Organization monitors its liquidity so that it is able to meet its operating needs and other contractual commitments. In addition to financial assets available for general expenditure within one year, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures. Because the donor restrictions require resources to be used in a particular manner or in future periods, the Organization maintains sufficient resources to meet the responsibility to its donors. Thus, financial assets as they relate to donor restrictions may not be available for general expenditure within one year.

Note 4

Grants Receivable

Grants receivable are estimated to be collected as follows at December 31:

	2025	2024
Within one year	\$ 5,062,477	\$ 3,676,569
In one to five years	2,395,128	226,500
Less discount to net present value at rates ranging from 4.47% to 5.29%	(213,596)	-
	\$ 7,244,009	\$ 3,903,069

At December 31, 2025 and 2024, three donors accounted for 77% and 59% of total grants receivable, respectively. Three contributors accounted for approximately 75% and 35% of total grants, and contributions and gifts received for the years ended December 31, 2025 and 2024, respectively.

**NATIONAL HEALTH LAW PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

Note 5
Investments

Investments consisted of the following as of December 31:

	Assets at Fair Value as of December 31, 2025			
	Level 1	Level 2	Level 3	Total Fair Value
Investments:				
Cash equivalents	\$ 1,408	\$ -	\$ -	\$ 1,408
Exchange traded funds	7,015,686	-	-	7,015,686
Fixed income	-	18,245,452	-	18,245,452
Total assets at fair value	\$ 7,017,094	\$ 18,245,452	\$ -	\$ 25,262,546

	Assets at Fair Value as of December 31, 2024			
	Level 1	Level 2	Level 3	Total Fair Value
Investments:				
Cash equivalents	\$ 1,186	\$ -	\$ -	\$ 1,186
Exchange traded funds	6,124,708	-	-	6,124,708
Fixed income	-	15,536,359	-	15,536,359
Total assets at fair value	\$ 6,125,894	\$ 15,536,359	\$ -	\$ 21,662,253

There were no significant transfers between the levels during the year. The Organization's policy is to recognize transfers in and out of the levels at the end of the fiscal year; interim changes in the availability of fair value inputs are not recognized.

The components of investment return are as follows for the years ended December 31:

	2025	2024
Interest and dividends	\$ 741,369	\$ 882,792
Net realized and unrealized gains	814,280	660,005
	\$ 1,555,649	\$ 1,542,797

NATIONAL HEALTH LAW PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

Note 6

Net Assets With Donor Restrictions

Net assets with donor restrictions are available for program-specific expenditures and future operations. Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes specified by the donors or the passage of time.

Net assets with donor restrictions consist of the following as of December 31:

	<u>2025</u>	<u>2024</u>
Program restricted	\$ 10,103,506	\$ 5,342,250
Operations - time restricted	<u>1,966,306</u>	<u>615,000</u>
	<u>\$ 12,069,812</u>	<u>\$ 5,957,250</u>

Note 7

Lease Commitments

The Organization leases three office spaces under non-cancelable lease agreements that expire between June 2025 and January 2030. Payments are due monthly, and the Organization is also obligated to pay their pro rata share of operating expenses, real estate taxes and is subject to periodic rent escalation under the leases. One agreement has a five year option to renew the lease, which was not considered when assessing the value of the ROU asset because the Organization is not reasonably certain that it will exercise its option to renew the lease.

Operating lease cost was composed of the following for the years ended December 31:

	<u>2025</u>	<u>2024</u>
Operating lease cost	\$ 157,350	\$ 189,579
Variable lease cost	<u>36,629</u>	<u>23,481</u>
Operating lease expense	193,979	213,060
Sublease income, gross	<u>(31,541)</u>	<u>(40,616)</u>
	<u>\$ 162,438</u>	<u>\$ 172,444</u>

The components of the leases are as follows for the year ending December 31:

	<u>2025</u>	<u>2024</u>
Cash paid for amounts included in the measurement of lease liabilities - operating lease	\$ 163,152	\$ 139,248
Weighted-average remaining lease term - operating lease	3.59 years	4.30 years
Weighted-average discount rate - operating lease	5.00 %	4.00 %

NATIONAL HEALTH LAW PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

Note 7
Lease Commitments (Continued)

Aggregate future maturities of lease liabilities for each of the remaining years are as follows:

<u>Year Ending December 31</u>	<u>Total Lease Payment</u>
2026	\$ 211,252
2027	187,263
2028	148,798
2029	138,841
2030	<u>11,689</u>
Total undiscounted lease payments	697,843
Less: imputed interest	<u>(58,056)</u>
Total lease liability	639,787
Current portion	<u>(185,049)</u>
Noncurrent portion	<u>\$ 454,738</u>

Sublease:

The Organization had a sublease agreement for a portion of its leased office space, which expired in May 2024. In June 2024, the Organization entered into a new sublease agreement with the same party through January 2030.

Future minimum rental payments to be received for the noncancelable sublease for each of the remaining years is as follows:

<u>Year Ending December 31</u>	<u>Total Lease Payment</u>
2026	\$ 34,655
2027	35,521
2028	36,410
2029	37,321
2030	<u>3,142</u>
Total undiscounted sublease payments	<u>\$ 147,049</u>

Note 8
Retirement Plan

The Organization maintains a defined contribution 403(b) plan, which allows all eligible employees to defer a portion of their eligible pretax earnings up to the annual contribution limit allowed by the Internal Revenue Service. The Organization's matching contributions are discretionary and totaled \$178,075 and \$166,229 for the years ended December 31, 2025 and 2024, respectively.

NATIONAL HEALTH LAW PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

Note 9

Related Party Transactions

The Organization has a conflict-of-interest policy that requires all board members and officers to sign the policy annually and disclose conflicts of interest, if any. During the years ended December 31, 2025 and 2024, the Organization issued grants to other organizations of which a board member of the Organization is a member of management. Grants issued to those organizations totaled \$40,000 and \$143,000 for the years ended December 31, 2025 and 2024, respectively.

Note 10

Subsequent Events

Management considered all events through March 27, 2026, the date the financial statements were available for release, in preparing the financial statements and the related disclosures. The Organization is not aware of any other significant events that occurred subsequent to December 31, 2025, but prior to the issuance of this report, that would have a material impact on the financial statements.