



**CENTER FOR INDIVIDUAL RIGHTS**

**FINANCIAL STATEMENTS**

**MARCH 31, 2021 AND 2020**

CENTER FOR INDIVIDUAL RIGHTS

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MARCH 31, 2021 AND 2020

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## Independent Auditors' Report

Board of Directors  
Center for Individual Rights  
Washington, D.C.

We have audited the accompanying financial statements of Center for Individual Rights (CIR), which comprise the statements of financial position as of March 31, 2021 and 2020, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Center for Individual Rights as of March 31, 2021 and 2020, and the changes in its net assets and cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

*Councilor, Buchanan + Mitchell, P.C.*

Bethesda, Maryland  
August 10, 2021

Certified Public Accountants

**CENTER FOR INDIVIDUAL RIGHTS**  
**STATEMENTS OF FINANCIAL POSITION**  
**MARCH 31, 2021 AND 2020**

	2021	2020
<b>Assets</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 4,981,967	\$ 4,598,781
Bequest Receivable	618,553	300,000
Prepaid Expenses	13,018	37,124
Total Current Assets	5,613,538	4,935,905
<b>Property and Equipment - Net</b>	5,456	8,068
<b>Other Assets</b>		
Deposits	22,376	21,995
<b>Total Assets</b>	<b>\$ 5,641,370</b>	<b>\$ 4,965,968</b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts Payable and Accrued Expenses	\$ 97,079	\$ 102,727
Deferred Rent	12,681	6,772
Total Current Liabilities	109,760	109,499
<b>Noncurrent Liabilities</b>		
Deferred Rent, Less Current Portion	45,361	58,043
Total Liabilities	155,121	167,542
<b>Net Assets</b>		
Without Donor Restrictions	4,835,814	4,798,426
With Donor Restrictions	650,435	-
Total Net Assets	5,486,249	4,798,426
<b>Total Liabilities and Net Assets</b>	<b>\$ 5,641,370</b>	<b>\$ 4,965,968</b>

*See accompanying Notes to Financial Statements.*

CENTER FOR INDIVIDUAL RIGHTS

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEARS ENDED MARCH 31, 2021 AND 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues and Other Support</b>						
Contributions	\$ 1,209,078	\$ 52,994	\$ 1,262,072	\$ 1,165,649	\$ -	\$ 1,165,649
Bequests	-	618,550	618,550	300,000	-	300,000
In-Kind Services	406,083	-	406,083	85,000	-	85,000
Attorneys' Fees	121,449	-	121,449	319,326	-	319,326
Investment Income	10,971	-	10,971	77,384	-	77,384
Other Income	996	-	996	859	-	859
Net Assets Released from Restrictions	21,109	(21,109)	-	-	-	-
 Total Revenues and Other Support	 <u>1,769,686</u>	 <u>650,435</u>	 <u>2,420,121</u>	 <u>1,948,218</u>	 <u>-</u>	 <u>1,948,218</u>
<b>Expenses</b>						
Program Services	1,515,152	-	1,515,152	1,218,031	-	1,218,031
General and Administrative	136,936	-	136,936	134,384	-	134,384
Fundraising	80,210	-	80,210	92,263	-	92,263
 Total Expenses	 <u>1,732,298</u>	 <u>-</u>	 <u>1,732,298</u>	 <u>1,444,679</u>	 <u>-</u>	 <u>1,444,679</u>
 Changes in Net Assets	 37,388	 650,435	 687,823	 503,539	 -	 503,539
Net Assets, Beginning of Year	4,798,426	-	4,798,426	4,294,887	-	4,294,887
 <b>Net Assets, End of Year</b>	 <u><u>\$ 4,835,814</u></u>	 <u><u>\$ 650,435</u></u>	 <u><u>\$ 5,486,249</u></u>	 <u><u>\$ 4,798,426</u></u>	 <u><u>\$ -</u></u>	 <u><u>\$ 4,798,426</u></u>

See accompanying Notes to Financial Statements.

**CENTER FOR INDIVIDUAL RIGHTS**

**STATEMENTS OF FUNCTIONAL EXPENSES  
FOR THE YEARS ENDED MARCH 31, 2021 AND 2020**

	2021				2020			
	Program Services	General and Administrative	Fundraising	Total	Program Services	General and Administrative	Fundraising	Total
Accounting	\$ -	\$ 27,214	\$ -	\$ 27,214	\$ -	\$ 27,740	\$ -	\$ 27,740
Bank Charges	-	5,552	-	5,552	-	3,707	-	3,707
Depreciation and Amortization	2,342	137	133	2,612	3,026	201	227	3,455
Direct Litigation Expenses	2,296	-	-	2,296	494	-	-	494
Dues and Subscriptions	7,269	182	9,874	17,325	5,930	-	10,499	16,429
In-Kind Legal Services	406,083	-	-	406,083	85,000	-	-	85,000
Insurance	18,325	17,178	-	35,503	15,902	16,387	-	32,289
Miscellaneous	-	-	-	-	-	6,638	-	6,638
Office Expense	29	1,514	-	1,543	135	3,365	-	3,500
Personnel Costs	887,675	51,814	50,523	990,012	763,328	50,815	57,260	871,403
Photocopying and Printing	3,757	636	5,389	9,782	10,178	674	6,254	17,106
Postage and Delivery	1,845	1,543	6,705	10,093	1,624	936	7,381	9,941
Professional Services	50,362	21,250	166	71,778	193,314	9,464	1,155	203,933
Rent and Storage	119,413	6,970	6,797	133,180	118,336	7,878	8,877	135,091
Research	4,047	-	-	4,047	7,043	-	-	7,043
Tax	-	-	-	-	-	1,097	-	1,097
Telephone	10,944	639	623	12,206	8,126	541	610	9,277
Travel and Entertainment	765	2,307	-	3,072	5,595	4,941	-	10,536
<b>Totals</b>	<b>\$ 1,515,152</b>	<b>\$ 136,936</b>	<b>\$ 80,210</b>	<b>\$ 1,732,298</b>	<b>\$ 1,218,031</b>	<b>\$ 134,384</b>	<b>\$ 92,263</b>	<b>\$ 1,444,679</b>

*See accompanying Notes to Financial Statements.*

**CENTER FOR INDIVIDUAL RIGHTS**

**STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED MARCH 31, 2021 AND 2020**

	<b>2021</b>	<b>2020</b>
<b>Cash Flows from Operating Activities</b>		
Change in Net Assets	\$ 687,823	\$ 503,539
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation and Amortization	2,612	3,455
<u>(Increase) Decrease in Assets</u>		
Contribution Receivable	-	20,000
Bequest Receivable	(318,553)	(300,000)
Prepaid Expenses	24,106	(2,818)
Deposits	(381)	(380)
<u>Increase (Decrease) in Liabilities</u>		
Accounts Payable and Accrued Expenses	(5,648)	9,858
Deferred Rent	(6,773)	(3,406)
	<b>383,186</b>	<b>230,248</b>
Net Cash Provided by Operating Activities		
	<b>383,186</b>	<b>230,248</b>
Net Increase in Cash and Cash Equivalents		
	<b>383,186</b>	<b>230,248</b>
Cash and Cash Equivalents, Beginning of Year	<b>4,598,781</b>	<b>4,368,533</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 4,981,967</b>	<b>\$ 4,598,781</b>

*See accompanying Notes to Financial Statements.*

**CENTER FOR INDIVIDUAL RIGHTS**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2021 AND 2020**

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**1. ORGANIZATION**

Center for Individual Rights (CIR) was incorporated under the District of Columbia Non-Profit Corporation Act in 1988. CIR operates as a public interest law firm for the purpose of providing legal representation on issues of significant public interest in cases, rulemakings, and other proceedings before federal, state and local courts, regulatory and administrative agencies, boards, bureaus, and commissions. CIR also provides legal representation to individuals who cannot afford competent legal counsel and who were denied their constitutional or civil rights. CIR's programs are supported primarily by contributions, attorney's fees, and donated legal services.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Basis of Presentation*

Financial statement presentation follows accounting principles generally accepted in the United States of America in relation to net asset classification. CIR is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

*Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

*Cash and Cash Equivalents*

Cash and cash equivalents consist of checking and savings accounts and money market funds.

*Property and Equipment*

Furniture and office equipment are recorded at cost, if purchased, or fair market value if donated. All expenditures for furniture and equipment over \$500 are capitalized. Depreciation and amortization is provided on a straight-line basis over the estimated useful lives of the assets. The cost of property and equipment retired or disposed of is removed from the accounts along with the related accumulated depreciation and amortization, and any gain or loss is reflected in the statements of activities.

*Revenue Recognition and Classification of Net Assets*

Contributions to CIR, whether received as cash, other assets, in-kind services, or unconditional promises to give, are recognized in the period when unconditionally pledged at fair value. CIR categorizes such contributions into net asset class based on donor-imposed restrictions, if any. Donor restrictions may include time and purpose restrictions.

When restrictions have been satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as net assets released from restrictions. When



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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Revenue Recognition and Classification of Net Assets (Continued)*

restrictions are met in the same fiscal year in which the contribution is received, the contribution is reported as net assets without donor restrictions.

Attorneys' fees, awarded by judgment of the court, are recorded as revenue when the court has set the amount CIR is to receive and a binding obligation to pay has been established. The revenue is recognized at a point in time when awards are given by court at case settlements.

Revenue from bequests is recognized as receivables when irrevocable, unconditional, and measurable. The estimated bequest amounts are expected to be received within one year and not subject to discounting. Bequest receivable is carried at estimated net realizable values which is presented by fiduciaries of each donor's estate.

Investment income represents interest and dividends income, net of unrealized and realized gains and losses from mutual funds.

*Functional Allocation of Expenses*

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. These expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include personnel costs, rent and storage, and telephone. These expenses are allocated on the basis of estimates of time and effort by employees. Expenses directly identifiable to specific programs and supporting activities are presented accordingly.

*Income Taxes*

CIR is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code) and has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Code.

CIR requires that a tax position be recognized or derecognized based on a "more-likely-than-not" threshold. This applies to positions taken or expected to be taken in a tax return. CIR does not believe its financial statements include, or reflect, any uncertain tax positions.

CIR's Form 990, *Return of Organization Exempt from Income Tax*, is subject to examination by the taxing authorities generally for three years after filing.

**3. ADOPTION OF ACCOUNTING STANDARDS**

*Accounting Standards Update 2018-08*

During the year ended March 31, 2020, CIR adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU

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**3. ADOPTION OF ACCOUNTING STANDARDS (CONTINUED)**

*Accounting Standards Update 2018-08 (Continued)*

provides additional guidance in the (1) evaluating whether transactions should be accounted for as contributions (within the scope of ASC 958) or as exchange (reciprocal) transactions (subject to ASC 606); and (2) distinguishing between conditional and unconditional contributions.

Management believes that the adoption of this ASU enhances the comparability of financial information among not-for-profit entities. This change in accounting principle was adopted on a modified prospective basis in the year ended March 31, 2021. The impact of adoption was not material to the financial statements.

*Accounting Standards Codification Topic 606*

During the year ended March 31, 2021, CIR adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 606, *Revenue from Contracts with Customers*. Management believes that the adoption of this standard provides better consistency and comparability across non-profit and for-profit entities. The standard requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard replaces most existing revenue recognition guidance in U.S. GAAP. This change in accounting principle was adopted using the modified retrospective method as of April 1, 2020. The initial application was applied to all settlements open at April 1, 2020. Analysis of the various provisions of this standard resulted in no significant changes in the way CIR recognizes revenue; however, the presentation and disclosure of revenue has been enhanced.

**4. LIQUIDITY AND AVAILABILITY OF RESOURCES**

CIR's cash flows have seasonal variations due to a concentration of contributions at calendar year end. CIR manages its liquidity to meet general expenditures, liabilities, and other obligations as they become due. Excess cash flows not needed for day-to-day operations are invested in money market funds.

As of March 31, 2021 and 2020, the following financial assets and liquidity sources were available for general operating expenditure in the fiscal years ending March 31, 2022 and 2021.

	<u>2021</u>	<u>2020</u>
Total Assets	\$ 5,641,370	\$ 4,965,968
Property and Equipment - Net	(5,456)	(8,068)
Deposits	(22,376)	(21,995)
Prepaid Expenses	<u>(13,018)</u>	<u>(37,124)</u>
Total Financial Assets and Liquidity Resources		
Available within One Year	<u>\$ 5,600,520</u>	<u>\$ 4,898,781</u>

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**5. PROPERTY AND EQUIPMENT**

Property and equipment at March 31, 2021 and 2020, consisted of the following:

	2021	2020
Furniture, Equipment, and Software	\$ 109,729	\$ 109,729
Leasehold Improvements	18,906	18,906
	128,635	128,635
Less Accumulated Depreciation and Amortization	(123,179)	(120,567)
Net	\$ 5,456	\$ 8,068

**6. NET ASSETS WITH DONOR RESTRICTIONS**

As of March 31, 2021, CIR's total net assets with donor restrictions consisted of the following purposes and time restrictions:

	2021			
	Beginning	Additions	Releases	Ending
Purpose Restriction				
Wang Case	\$ -	\$ 17,994	\$ (17,994)	\$ -
Krehbiel Case	-	35,000	(3,115)	31,885
Time Restriction	-	618,550	-	618,550
Total	\$ -	\$ 671,544	\$ (21,109)	\$ 650,435

**7. IN-KIND SERVICES**

CIR is a recipient of pro bono legal services for litigation work. The fair value of the pro bono legal services was \$406,083 and \$85,000 for the years ended March 31, 2021 and 2020, respectively. The size of the pro bono legal services varies year to year in relation to the litigations which CIR is involved. The amounts are reported as revenue in the statements of activities and changes in net assets, and as program expense in the statements of functional expenses.

**8. COMMITMENTS AND CONTINGENCIES**

*Operating Lease*

CIR entered into a ninety-month lease agreement for office space that commenced on November 1, 2016, and will expire on April 30, 2024. The lease includes annual base rent increases of 2.5%. The lease requires minimum lease payments and a prorated share of operating expenses and real estate taxes.

The total of rent payments due under the agreement is being recognized on a straight-line basis in the statements of activities and changes in net assets. Accordingly, there is a liability recorded for deferred rent equal to the difference between the rent expense and actual cash payments required under the terms of the lease.

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**8. COMMITMENTS AND CONTINGENCIES (CONTINUED)**

*Operating Lease (Continued)*

As of March 31, 2021, the future minimum lease payments are as follows:

For the Years Ending March 31,

2022	\$ 143,935
2023	150,976
2024	154,750
2025	13,082
	<u>\$ 462,743</u>

*Concentration of Credit Risk and Financial Risk*

CIR maintains its operating funds in financial institutions that are insured by the Federal Deposit Insurance Corporation (FDIC) and Securities Investor Protection Corporation (SIPC) up to the maximum amount allowed by law. While the amounts, at times, exceed the amount insured by federal agencies and, therefore, bear some risk, CIR has not experienced, nor does it anticipate, any loss of funds.

*Concentration of Revenue, Support, and Receivables*

For the year ended March 31, 2021, approximately 53% of contributions revenue was received from four individual and foundation donors. For the year ended March 31, 2020, approximately 42% of contributions revenue was received from two individual and foundation donors.

CIR recorded bequests from two donors and one donor for the years ended March 31, 2021 and 2020.

*Contingencies*

The spread of COVID-19 (coronavirus disease) has had a disruptive impact on the daily life and operations of individuals, businesses, and nonprofits around the world. There is uncertainty about financial and economic impacts in all sectors of the economy. The financial markets have experienced significant volatility, and this may continue for an extended period of time. In light of these circumstances, CIR continues to assess how best to adapt to changed circumstances.

**9. RETIREMENT PLAN**

CIR maintains a 401(k) profit sharing plan (the Plan) that covers substantially all employees who have completed one year of service and have attained the age of 21.

Under the provisions of the Plan, eligible employees may elect to contribute to the Plan a portion of their compensation which would otherwise have been paid in cash, up to the applicable limit specified in the Internal Revenue Code. CIR may also elect each year to make a matching contribution of a specified percentage of employee's elective contribution or a safe-harbor non-elective contribution of 3% of each employees' compensation. Additionally, under the profit sharing

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**9. RETIREMENT PLAN (CONTINUED)**

component of the Plan, CIR may contribute an additional amount, to substantially all employees. CIR's contributions to the Plan were \$95,965 and \$95,993 for the years ended March 31, 2021 and 2020, respectively.

**10. SUBSEQUENT EVENTS**

CIR has evaluated subsequent events through August 10, 2021, the date on which the financial statements were available to be issued.