



CENTER FOR INDIVIDUAL RIGHTS

FINANCIAL STATEMENTS

MARCH 31, 2022 AND 2021

CENTER FOR INDIVIDUAL RIGHTS

**TABLE OF CONTENTS
MARCH 31, 2022 AND 2021**

	<u>Pages</u>
Independent Auditor’s Report	3-4
Financial Statements	
Statements of Financial Position.....	5
Statements of Activities and Changes in Net Assets	6
Statements of Functional Expenses	7
Statements of Cash Flows.....	8
Notes to Financial Statements	9-14



7910 WOODMONT AVENUE
SUITE 500
BETHESDA, MD 20814
(T) 301.986.0600

1150 18TH STREET, NW
SUITE 550
WASHINGTON, DC 20036
(T) 202.822.0717

Independent Auditor's Report

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

Opinion

We have audited the accompanying financial statements of Center for Individual Rights (CIR), which comprise the statements of financial position as of March 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Center for Individual Rights as of March 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Center for Individual Rights and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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.

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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 Center for Individuals Rights' 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 Center for Individual Rights' 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.

Councilor, Buchanan + Mitchell, P.C.

Bethesda, Maryland
September 2, 2022

Certified Public Accountants

CENTER FOR INDIVIDUAL RIGHTS
STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2022 AND 2021

	<u>March 31, 2022</u>	<u>March 31, 2021</u>
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 5,518,086	\$ 4,981,967
Bequest Receivable	192,264	618,553
Prepaid Expenses	<u>24,108</u>	<u>13,018</u>
Total Current Assets	5,734,458	5,613,538
Property and Equipment - Net	16,130	5,456
Other Assets		
Deposits	<u>22,757</u>	<u>22,376</u>
Total Assets	<u><u>\$ 5,773,345</u></u>	<u><u>\$ 5,641,370</u></u>
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable and Accrued Expenses	\$ 198,628	\$ 97,079
Deferred Rent	<u>19,721</u>	<u>12,681</u>
Total Current Liabilities	218,349	109,760
Noncurrent Liabilities		
Deferred Rent, Less Current Portion	<u>25,640</u>	<u>45,361</u>
Total Liabilities	243,989	155,121
Net Assets		
Without Donor Restrictions	5,516,289	4,835,814
With Donor Restrictions	<u>13,067</u>	<u>650,435</u>
Total Net Assets	<u>5,529,356</u>	<u>5,486,249</u>
Total Liabilities and Net Assets	<u><u>\$ 5,773,345</u></u>	<u><u>\$ 5,641,370</u></u>

See accompanying Notes to Financial Statements.

CENTER FOR INDIVIDUAL RIGHTS

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED MARCH 31, 2022 AND 2021

	March 31, 2022			March 31, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Other Support						
Contributions	\$ 1,226,656	\$ -	\$ 1,226,656	\$ 1,209,078	\$ 52,994	\$ 1,262,072
Bequests	192,260	-	192,260	-	618,550	618,550
Donated Legal Services	160,368	-	160,368	406,083	-	406,083
Attorneys' Fees	100,000	-	100,000	121,449	-	121,449
Investment Income	4,742	-	4,742	10,971	-	10,971
Other Income	12	-	12	996	-	996
Net Assets Released from Restrictions	637,368	(637,368)	-	21,109	(21,109)	-
Total Revenues and Other Support	2,321,406	(637,368)	1,684,038	1,769,686	650,435	2,420,121
Expenses						
Program Services	1,341,480	-	1,341,480	1,515,152	-	1,515,152
General and Administrative	149,852	-	149,852	136,936	-	136,936
Fundraising	149,599	-	149,599	80,210	-	80,210
Total Expenses	1,640,931	-	1,640,931	1,732,298	-	1,732,298
Changes in Net Assets	680,475	(637,368)	43,107	37,388	650,435	687,823
Net Assets, Beginning of Year	4,835,814	650,435	5,486,249	4,798,426	-	4,798,426
Net Assets, End of Year	\$ 5,516,289	\$ 13,067	\$ 5,529,356	\$ 4,835,814	\$ 650,435	\$ 5,486,249

See accompanying Notes to Financial Statements.

CENTER FOR INDIVIDUAL RIGHTS
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED MARCH 31, 2022 AND 2021

	March 31, 2022				March 31, 2021			
	Program Services	General and Administrative	Fundraising	Total	Program Services	General and Administrative	Fundraising	Total
Accounting	\$ -	\$ 32,142	\$ -	\$ 32,142	\$ -	\$ 27,214	\$ -	\$ 27,214
Bank Charges	-	2,841	-	2,841	-	5,552	-	5,552
Depreciation and Amortization	4,661	284	335	5,280	2,342	137	133	2,612
Direct Litigation Expenses	11,778	-	-	11,778	2,296	-	-	2,296
Dues and Subscriptions	3,796	584	8,709	13,089	7,269	182	9,874	17,325
Donated Legal Services	160,368	-	-	160,368	406,083	-	-	406,083
Insurance	30,571	8,275	-	38,846	18,325	17,178	-	35,503
Office Expense	286	1,756	-	2,042	29	1,514	-	1,543
Personnel Costs	805,287	49,177	57,815	912,279	887,675	51,814	50,523	990,012
Photocopying and Printing	6,333	786	19,014	26,133	3,757	636	5,389	9,782
Postage and Delivery	2,002	911	52,413	55,326	1,845	1,543	6,705	10,093
Professional Services	183,743	40,304	2,463	226,510	50,362	21,250	166	71,778
Rent and Storage	115,500	7,054	8,292	130,846	119,413	6,970	6,797	133,180
Research	6,459	-	-	6,459	4,047	-	-	4,047
Telephone	7,765	474	558	8,797	10,944	639	623	12,206
Travel and Entertainment	2,931	5,264	-	8,195	765	2,307	-	3,072
Totals	\$ 1,341,480	\$ 149,852	\$ 149,599	\$ 1,640,931	\$ 1,515,152	\$ 136,936	\$ 80,210	\$ 1,732,298

See accompanying Notes to Financial Statements.

CENTER FOR INDIVIDUAL RIGHTS

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2022 AND 2021**

	March 31, 2022	March 31, 2021
Cash Flows from Operating Activities		
Change in Net Assets	\$ 43,107	\$ 687,823
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation and Amortization	5,280	2,612
<u>(Increase) Decrease in Assets</u>		
Bequest Receivable	426,289	(318,553)
Prepaid Expenses	(11,090)	24,106
Deposits	(381)	(381)
<u>Increase (Decrease) in Liabilities</u>		
Accounts Payable and Accrued Expenses	101,549	(5,648)
Deferred Rent	(12,681)	(6,773)
	552,073	383,186
Net Cash Provided by Operating Activities	552,073	383,186
Cash Flows from Investing Activities		
Purchase of Property and Equipment	(15,954)	-
Net Cash Used in Investing Activities	(15,954)	-
Net Increase in Cash and Cash Equivalents	536,119	383,186
Cash and Cash Equivalents, Beginning of Year	4,981,967	4,598,781
Cash and Cash Equivalents, End of Year	\$ 5,518,086	\$ 4,981,967

See accompanying Notes to Financial Statements.

CENTER FOR INDIVIDUAL RIGHTS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022 AND 2021

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 Accounting

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

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 include cash held in bank accounts as well as money market funds held in investment accounts.

Property and Equipment

Furniture and office equipment are recorded at cost or, if donated, at the fair market value at date of donation. CIR's policy is to capitalize all expenditures for furniture and equipment exceeding \$5,000. Depreciation is computed using the straight-line method over the useful lives of the assets.

Classification of Net Assets

CIR is required to report its financial position and activities according to two classes of net assets that are based upon the existence or absence of donor-imposed restrictions as follows:

Net Assets Without Donor Restrictions - consist of net assets available to support operations that are not subject to donor restrictions.

Net Assets With Donor Restrictions - consist of net assets that are subject to donor-imposed stipulations that will be met either by actions of CIR and/or the passage of time. When a restriction expires, that is, when a stipulated time restriction ends or the purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

CENTER FOR INDIVIDUAL RIGHTS

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022 AND 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Contributions are recognized as revenue in the year in which payments are received and/or unconditional promises are made. Contributions are considered available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as contributions with donor restrictions. Contributions received with donor-imposed conditions and/or restrictions that are met in the same fiscal year are reported as support 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 receivable when irrevocable, unconditional, and measurable. Outstanding bequests 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 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.

Donated Legal Services

Donated legal services are recognized at fair value if the services (a) create nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by CIR.

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.

CENTER FOR INDIVIDUAL RIGHTS

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2022 AND 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (Continued)

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.

Reclassifications

Certain reclassifications have been made to the March 31, 2021 financial statements to make them comparable with the March 31, 2022 financial statements.

3. ADOPTION OF 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 the timing and concentration of contributions and bequests, and vendor payments. 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, 2022 and 2021, the following financial assets and liquidity sources were available for general operating expenditure in the fiscal years ending March 31, 2023 and 2022.

	March 31, 2022	March 31, 2021
Financial Assets		
Cash and Cash Equivalents	\$ 5,518,086	\$ 4,981,967
Bequest Receivable	192,264	618,553
Financial Assets Available to Meet Cash Needs for General Expenditures within One Year	<u>\$ 5,710,350</u>	<u>\$ 5,600,520</u>

CENTER FOR INDIVIDUAL RIGHTS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022 AND 2021

5. PROPERTY AND EQUIPMENT

Property and equipment at March 31, 2022 and 2021, consisted of the following:

Description	March 31, 2022	March 31, 2021
Furniture, Equipment, and Software	\$ 125,683	\$ 109,729
Leasehold Improvements	18,906	18,906
	<u>144,589</u>	<u>128,635</u>
Less Accumulated Depreciation and Amortization	<u>(128,459)</u>	<u>(123,179)</u>
Net	<u>\$ 16,130</u>	<u>\$ 5,456</u>

6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were available for the following purposes as of March 31, 2022 and 2021:

Purpose	March 31, 2022	March 31, 2021
Krehbiel Case	\$ 13,067	\$ 31,885
General Support - Time Restricted	-	618,550
Net Assets With Donor Restrictions	<u>\$ 13,067</u>	<u>\$ 650,435</u>

Net assets released from donor restrictions during the years ended March 31, 2022 and 2021, were as follows:

Purpose	March 31, 2022	March 31, 2021
Krehbiel Case	\$ 18,818	\$ 3,115
Wang Case	-	17,994
General Support - Time Restricted	<u>618,550</u>	<u>-</u>
Net Assets Released from Restrictions	<u>\$ 637,368</u>	<u>\$ 21,109</u>

7. DONATED LEGAL SERVICES

During the years ended March 31, 2022 and 2021, CIR received donated legal services for litigation work with a fair value of \$160,368 and \$406,083, respectively. The donated services fluctuate from year to year based on the quantity and nature of the litigations that CIR is involved in. Donated legal services are reported in the statements of activities and changes in net assets and program service expenses are reported 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. In addition to base rent, CIR must pay a prorated share of operating expenses and real estate taxes. The lease includes a base rent increase

CENTER FOR INDIVIDUAL RIGHTS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022 AND 2021

8. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Operating Lease (Continued)

of 2.5% annually. Under accounting principles generally accepted in the United States of America (GAAP), all rental payments, including fixed rent increases, are recognized on a straight-line basis as an offset to rent expense. The difference between the GAAP rent expense and the required lease payments are reflected as deferred rent in the accompanying statements of financial position.

The future minimum rental payments required under the lease agreement are as follows:

For the Years Ending March 31,

2023	\$ 150,976
2024	154,750
2025	13,082
	<u>\$ 318,808</u>

Rent expense for the years ended March 31, 2022 and 2021, was approximately \$131,000 and \$133,000, respectively.

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, 2022, approximately 69% of contributions revenue was from three foundation donors. For the year ended March 31, 2021, approximately 53% of contributions revenue was from four foundation donors.

For the years ended March 31, 2022 and 2021, 100% of bequest revenue and receivable was from one donor and two donors, respectively.

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.

CENTER FOR INDIVIDUAL RIGHTS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022 AND 2021

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 component of the Plan, CIR may contribute an additional amount, to substantially all employees. CIR's contributions to the Plan were \$102,707 and \$95,965 for the years ended March 31, 2022 and 2021, respectively.

10. SUBSEQUENT EVENTS

CIR has evaluated subsequent events through September 2, 2022, the date on which the financial statements were available to be issued.