



CENTER FOR INDIVIDUAL RIGHTS

FINANCIAL STATEMENTS

MARCH 31, 2023 AND 2022

CENTER FOR INDIVIDUAL RIGHTS

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MARCH 31, 2023 AND 2022**

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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, 2023 and 2022, 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, 2023 and 2022, 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.

Emphasis of Matter

As discussed in Note 3 of the financial statements, CIR adopted Financial Accounting Standards Board's (FASB) Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. Our opinion is not modified with respect to this matter.

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.

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 15, 2023

Certified Public Accountants

CENTER FOR INDIVIDUAL RIGHTS
STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2023 AND 2022

	<u>March 31,</u> <u>2023</u>	<u>March 31,</u> <u>2022</u>
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 5,445,023	\$ 5,518,086
Bequest Receivable	-	192,264
Due from Employees	2,114	-
Prepaid Expenses	47,434	24,108
Total Current Assets	5,494,571	5,734,458
Operating Right-of-Use Asset	140,840	-
Finance Right-of-Use Asset, Net of Accumulated Amortization of \$1,558	1,038	-
Property and Equipment - Net	12,308	16,130
Other Assets		
Deposits	23,137	22,757
Total Assets	<u>\$ 5,671,894</u>	<u>\$ 5,773,345</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable and Accrued Expenses	\$ 174,414	\$ 198,628
Operating Lease Liability	153,398	-
Finance Lease Liability	1,039	-
Deferred Rent	-	19,721
Total Current Liabilities	328,851	218,349
Operating Lease Liability, Net of Current Portion	13,082	-
Deferred Rent, Less Current Portion	-	25,640
Total Liabilities	341,933	243,989
Net Assets		
Without Donor Restrictions	5,325,744	5,516,289
With Donor Restrictions	4,217	13,067
Total Net Assets	5,329,961	5,529,356
Total Liabilities and Net Assets	<u>\$ 5,671,894</u>	<u>\$ 5,773,345</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, 2023 AND 2022

	March 31, 2023			March 31, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Other Support						
Contributions	\$ 1,163,936	\$ -	\$ 1,163,936	\$ 1,226,656	\$ -	\$ 1,226,656
Bequests	59,730	-	59,730	192,260	-	192,260
Donated Legal Services	62,725	-	62,725	160,368	-	160,368
Attorneys' Fees	-	-	-	100,000	-	100,000
Investment Income	129,614	-	129,614	4,742	-	4,742
Other Income	-	-	-	12	-	12
Net Assets Released from Restrictions	8,850	(8,850)	-	637,368	(637,368)	-
 Total Revenues and Other Support	 <u>1,424,855</u>	 <u>(8,850)</u>	 <u>1,416,005</u>	 <u>2,321,406</u>	 <u>(637,368)</u>	 <u>1,684,038</u>
Expenses						
Program Services	1,303,833	-	1,303,833	1,341,480	-	1,341,480
General and Administrative	134,195	-	134,195	149,852	-	149,852
Fundraising	177,372	-	177,372	149,599	-	149,599
 Total Expenses	 <u>1,615,400</u>	 <u>-</u>	 <u>1,615,400</u>	 <u>1,640,931</u>	 <u>-</u>	 <u>1,640,931</u>
 Changes in Net Assets	 <u>(190,545)</u>	 <u>(8,850)</u>	 <u>(199,395)</u>	 <u>680,475</u>	 <u>(637,368)</u>	 <u>43,107</u>
 Net Assets, Beginning of Year	 <u>5,516,289</u>	 <u>13,067</u>	 <u>5,529,356</u>	 <u>4,835,814</u>	 <u>650,435</u>	 <u>5,486,249</u>
 Net Assets, End of Year	 <u><u>\$ 5,325,744</u></u>	 <u><u>\$ 4,217</u></u>	 <u><u>\$ 5,329,961</u></u>	 <u><u>\$ 5,516,289</u></u>	 <u><u>\$ 13,067</u></u>	 <u><u>\$ 5,529,356</u></u>

See accompanying Notes to Financial Statements.

CENTER FOR INDIVIDUAL RIGHTS

**STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED MARCH 31, 2023 AND 2022**

	March 31, 2023				March 31, 2022			
	Program Services	General and Administrative	Fundraising	Total	Program Services	General and Administrative	Fundraising	Total
Accounting	\$ -	\$ 39,160	\$ -	\$ 39,160	\$ -	\$ 32,142	\$ -	\$ 32,142
Bank Charges	-	1,861	-	1,861	-	2,841	-	2,841
Depreciation and Amortization	8,751	479	564	9,794	4,661	284	335	5,280
Direct Litigation Expenses	18,762	-	-	18,762	11,778	-	-	11,778
Dues, Subscriptions, and Seminars	4,609	165	11,412	16,186	3,796	584	8,709	13,089
Donated Legal Services	62,725	-	-	62,725	160,368	-	-	160,368
Insurance	20,687	14,961	-	35,648	30,571	8,275	-	38,846
Office Expense	333	3,311	-	3,644	286	1,756	-	2,042
Operating Lease Expense	117,188	6,515	7,551	131,254	115,500	7,054	8,292	130,846
Personnel Costs	869,637	47,665	56,038	973,340	805,287	49,177	57,815	912,279
Photocopying and Printing	1,867	895	19,749	22,511	6,333	786	19,014	26,133
Postage and Delivery	274	1,540	76,485	78,299	2,002	911	52,413	55,326
Professional Services	174,499	11,898	5,150	191,547	183,743	40,304	2,463	226,510
Research	7,898	-	-	7,898	6,459	-	-	6,459
Telephone	6,417	352	414	7,183	7,765	474	558	8,797
Travel and Entertainment	10,186	5,393	9	15,588	2,931	5,264	-	8,195
Totals	\$ 1,303,833	\$ 134,195	\$ 177,372	\$ 1,615,400	\$ 1,341,480	\$ 149,852	\$ 149,599	\$ 1,640,931

See accompanying Notes to Financial Statements.

CENTER FOR INDIVIDUAL RIGHTS

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2023 AND 2022**

	March 31, 2023	March 31, 2022
Cash Flows from Operating Activities		
Change in Net Assets	\$ (199,395)	\$ 43,107
Adjustments to Reconcile Change in Net Assets to Net Cash (Used in) Provided by Operating Activities		
Depreciation and Amortization	9,794	5,280
Operating Lease Expense	131,254	-
<u>(Increase) Decrease in Assets</u>		
Bequest Receivable	192,264	426,289
Due from Employees	(2,114)	-
Prepaid Expenses	(23,326)	(11,090)
Deposits	(380)	(381)
<u>Increase (Decrease) in Liabilities</u>		
Accounts Payable and Accrued Expenses	(24,214)	101,549
Operating Lease Liability	(150,975)	-
Deferred Rent and Lease Incentive	-	(12,681)
Net Cash (Used in) Provided by Operating Activities	(67,092)	552,073
Cash Flows from Investing Activities		
Purchase of Property and Equipment	(4,414)	(15,954)
Net Cash Used in Investing Activities	(4,414)	(15,954)
Cash Flows from Financing Activities		
Principal Payments on Finance Lease Liability	(1,557)	-
Net Cash Used in Financing Activities	(1,557)	-
Net (Decrease) Increase in Cash and Cash Equivalents	(73,063)	536,119
Cash and Cash Equivalents, Beginning of Year	5,518,086	4,981,967
Cash and Cash Equivalents, End of Year	\$ 5,445,023	\$ 5,518,086
Noncash Transactions from Investing and Financing Activities		
Establishment of Operating Right-of-Use Asset	\$ 268,322	\$ -
Establishment of Finance Right-of-Use Asset	2,596	-
Establishment of Operating Lease Liability	313,683	-
Establishment of Finance Lease Liability	2,596	-

See accompanying Notes to Financial Statements.

CENTER FOR INDIVIDUAL RIGHTS
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022

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.

Right-of-Use Assets and Lease Liabilities

The determination of whether an arrangement is a lease is made at the lease's inception. Under the Financial Accounting Standards Board's (FASB) Accounting Standards Update (ASU) 2016-02, *Leases* (Topic 842), 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. Management only reassesses its determination if the terms and conditions of the contract are changed.

Lease liabilities are initially measured at the present value of minimum lease payments using a risk-free rate that approximates the remaining term of the lease. The right-of-use asset is the lease liability adjusted for other lease-related accounts. Management considers the likelihood of exercising renewal or termination clauses (if any) in measuring CIR's right-of-use assets and lease liabilities. Operating lease expense and finance lease amortization expense is allocated over the remaining lease term on a straight-line basis. Finance lease interest expense is calculated using a risk-free rate that approximates the remaining term of the lease multiplied by the outstanding finance lease liability.

CENTER FOR INDIVIDUAL RIGHTS

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Right-of-Use Assets and Lease Liabilities (Continued)

CIR considers leases with initial terms of twelve months or less, and no option to purchase the underlying asset, to be short-term leases. Accordingly, short-term lease costs are expensed over the remaining lease term, with no corresponding right-of-use asset or lease liability. In addition, CIR does not separate non-lease components from lease components (if any) when determining the payments for leases of office equipment.

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. Leasehold improvements are amortized using the straight-line method over the shorter of the estimated lives of the related assets or the remaining lease term and are limited by the expected lease term unless there is a transfer of title or purchase option reasonably certain of exercise.

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.

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.

CENTER FOR INDIVIDUAL RIGHTS

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2023 AND 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

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

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.

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, 2022 financial statements to make them comparable with the March 31, 2023 financial statements.

3. ADOPTION OF ACCOUNTING STANDARDS

Adoption of Accounting Standards Update 2016-02 Topic 842

During the year ended March 31, 2023, CIR adopted the Financial Accounting Standards Board’s (FASB) Accounting Standard Update (ASU) 2016-02, *Leases (Topic 842)*, which supersedes the leasing guidance in Topic 840. CIR also adopted the following ASUs, which amend and clarify *Leases (Topic 842)*: ASU 2018-01, *Land Easement Practical Expedient for Transition to Topic 842*;

CENTER FOR INDIVIDUAL RIGHTS

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022

3. ADOPTION OF ACCOUNTING STANDARDS (CONTINUED)

Adoption of Accounting Standards Update 2016-02 Topic 842 (Continued)

ASU 2018-10, *Codification Improvements to Topic 842, Leases*; ASU 2018-11, *Leases (Topic 842): Targeted Improvements*; ASU 2018-20, *Narrow-scope Improvements for Lessors*; ASU 2019-01, *Leases (Topic 842): Codification Improvements*; ASU 2021-05, *Leases (Topic 842): Lessors - Certain Leases with Variable Lease Payments*; and ASU 2021-09, *Leases (Topic 842): Discount Rate for Lessees That Are Not Public Business Entities*. The most significant change in the new lease guidance is the requirement to recognize right-of-use assets and lease liabilities for operating leases on the statements of financial position.

CIR adopted *Leases (Topic 842)* effective April 1, 2022, using the modified retrospective approach with April 1, 2022, as the initial date of application. Management has elected to apply all practical expedients available under the new guidance.

The most significant impact was the recognition of right-of-use assets and lease liabilities for all leases with terms greater than twelve months. Accordingly, an operating right-of-use asset and lease liability totaling \$268,322 and \$313,683, respectively, was recognized as of April 1, 2022. Existing deferred rent and lease incentive of approximately \$45,361 as of April 1, 2022, is included as a reduction to the initial measurement of the right-of-use asset for the operating lease. In addition, a finance right-of-use asset and lease liability totaling \$2,596 and \$2,596, respectively, was recognized as of April 1, 2022.

Adoption of Accounting Standards Update 2020-07 Topic 958

During the year ended March 31, 2023, CIR adopted the Financial Accounting Standards Board's (FASB) Accounting Standard Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958)*. This guidance is intended to increase transparency of contributed nonfinancial assets for nonprofits through enhancements to presentation and disclosure. Specifically, the ASU addresses the lack of transparency surrounding the measurement of contributed nonfinancial assets, as well as the amount of those contributions used in programs and other activities. Management believes that the adoption of this ASU enhances the transparency of financial information among nonprofit entities. The change in accounting principle was applied on a retrospective basis.

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.

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**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022**

4. LIQUIDITY AND AVAILABILITY OF RESOURCES (CONTINUED)

As of March 31, 2023 and 2022, the following financial assets and liquidity sources were available for general operating expenditure in the fiscal years ending March 31, 2024 and 2023.

<u>Financial Assets</u>	<u>March 31, 2023</u>	<u>March 31, 2022</u>
Cash and Cash Equivalents	\$ 5,445,023	\$ 5,518,086
Bequest Receivable	-	192,264
Due from Employees	<u>2,114</u>	<u>-</u>
Financial Assets Available to Meet Cash Needs for General Expenditures within One Year	<u>\$ 5,447,137</u>	<u>\$ 5,710,350</u>

5. PROPERTY AND EQUIPMENT

Property and equipment at March 31, 2023 and 2022, consisted of the following:

<u>Description</u>	<u>March 31, 2023</u>	<u>March 31, 2022</u>
Furniture, Equipment, and Software	\$ 20,367	\$ 125,683
Leasehold Improvements	<u>11,769</u>	<u>18,906</u>
	32,136	144,589
Less Accumulated Depreciation and Amortization	<u>(19,828)</u>	<u>(128,459)</u>
Net	<u>\$ 12,308</u>	<u>\$ 16,130</u>

6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were available for the following purposes as of March 31, 2023 and 2022:

<u>Purpose</u>	<u>March 31, 2023</u>	<u>March 31, 2022</u>
Krehbiel Case	<u>\$ 4,217</u>	<u>\$ 13,067</u>

Net assets released from donor restrictions during the years ended March 31, 2023 and 2022, were as follows:

<u>Purpose</u>	<u>March 31, 2023</u>	<u>March 31, 2022</u>
Krehbiel Case	\$ 8,850	\$ 18,818
General Support - Time Restricted	<u>-</u>	<u>618,550</u>
Net Assets Released from Restrictions	<u>\$ 8,850</u>	<u>\$ 637,368</u>

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NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022

7. DONATED LEGAL SERVICES

CIR was provided legal services at no cost in order to carry out the mission of CIR. Based on current market rates for legal services, CIR would have paid a fair value of \$62,725 and \$160,368, for the years ended March 31, 2023 and 2022, 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. LEASES

CIR has both operating and finance leases for office space and office equipment. The office space lease includes an option to renew, with renewal terms that can extend the lease term by five years. The office equipment lease also includes an option to purchase the leased equipment at the end of the lease term. The lease term is used for the amortization life of the office equipment unless there is a transfer of title or purchase option reasonably certain of exercise, in which case the asset life is used. Only lease options that CIR believes are reasonably certain to be exercised are included in the measurement of the right-of-use assets and lease liabilities. In addition, CIR had no variable or short-term lease expense in the year ended March 31, 2023.

Operating Lease under Topic 842

CIR is obligated under a non-cancellable operating lease for office space through 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 of 2.5% annually.

Under accounting principles generally accepted in the United States of America (GAAP), operating lease expense is recognized on a straight-line basis over the remaining lease term.

Maturity of the operating lease liability as of March 31, 2023, is as follows:

For the Years Ending March 31,

2024	\$ 154,750
2025	13,082
	<hr/>
Total Undiscounted Minimum Lease Payments	167,832
Less Discount to Present Value	(1,352)
	<hr/>
Total Operating Lease Liability	<u>\$ 166,480</u>

The supplementary qualitative operating lease information is as follows:

<u>Supplementary Qualitative Operating Lease Information</u>	<u>Amount</u>
Cash Paid for Amounts Included in the Measurement of Operating Lease Liabilities - Operating Cash Flows	\$ 150,976
Right-of-Use Assets Obtained in Exchange for Lease Obligations	313,684
Weighted-Average Remaining Lease Term (Years)	1.08 Years
Weighted-Average Discount Rate	1.61%

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NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022

8. LEASES (CONTINUED)

Operating Lease under Topic 840

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.

As previously disclosed in our 2022 audited financial statements and under the previous lease accounting standards, 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	<u>13,082</u>
	<u>\$ 318,808</u>

Rent expense for the year ended March 31, 2022 was approximately \$131,000.

Finance Lease under Topic 842

CIR is obligated under a non-cancelable finance lease for office equipment through November 2023. Amortization on the finance right-of-use asset totaled \$1,558 and is included in depreciation and amortization expense on the statements of functional expenses for the year ended March 31, 2023. The accumulated amortization on the finance right-of-use asset was approximately \$1,558 as of March 31, 2023. Interest expense on the finance lease liability totaled \$3 for the year ended March 31, 2023.

Maturity of the finance lease liability as of March 31, 2023, is as follows:

For the Years Ending March 31,

2024	\$ 1,560
2025	<u>1,040</u>
Total Undiscounted Minimum Lease Payments	2,600
Less Discount to Present Value	<u>(1,561)</u>
Total Operating (or Finance) Lease Liability	<u>\$ 1,039</u>

The supplementary qualitative finance lease information is as follows:

<u>Supplementary Qualitative Finance Lease Information</u>	<u>Amount</u>
Cash Paid for Amounts Included in the Measurement of Finance Lease Liabilities - Financing Cash Flows	1,557
Right-of-Use Assets Obtained in Exchange for Lease Obligations	2,596
Weighted-Average Remaining Lease Term (Years)	0.67 Year
Weighted-Average Discount Rate	0.19%

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NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022

8. LEASES (CONTINUED)

Capital Lease under Topic 840

The asset and liability under the capital lease is recorded at the present value of the minimum lease payments. The asset is amortized over the lesser of the estimated useful life or the lease term. Amortization of the asset under the capital lease is included in depreciation and amortization expense. The accumulated amortization under the capital lease was approximately \$-0- as of March 31, 2022.

9. COMMITMENTS AND CONTINGENCIES

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, 2023, approximately 59% of contributions revenue was from four foundation donors. For the year ended March 31, 2022, approximately 69% of contributions revenue was from three foundation donors.

For the year ended March 31, 2022, 100% of bequest revenue and receivable was from one donor.

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 during the pandemic and post-pandemic period.

10. 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 \$102,098 and \$102,707 for the years ended March 31, 2023 and 2022, respectively.

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NOTES TO FINANCIAL STATEMENTS
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11. SUBSEQUENT EVENTS

CIR has evaluated subsequent events through September 15, 2023, the date on which the financial statements were available to be issued.