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Audited Financial Statements
December 31, 2022



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Children's Rights, Inc.

Opinion

We have audited the accompanying financial statements of Children's Rights, Inc. (the "Organization") which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, 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 present fairly, in all material respects, the financial position of the Organization as of December 31, 2022, 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 (GAAS). 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 the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the 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 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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibility 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, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users on the basis of these 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 the Organization'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 the Organization'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.

Report on Summarized Comparative Information

The financial statements of the Organization as of and for the year ended December 31, 2021, were audited by other auditors whose report dated June 14, 2022 expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects with the audited financial statements for which it was derived.

A handwritten signature in blue ink that reads "Sax CPAs LLP". The signature is written in a cursive, flowing style.

May 19, 2023
New York, NY

CHILDREN'S RIGHTS, INC.
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2022
(With comparative totals as of December 31, 2021)

	<u>12/31/22</u>	<u>12/31/21</u>
Assets		
Cash and cash equivalents	\$3,338,907	\$10,297,844
Investments	9,269,905	591
Attorneys' fees receivable	50,044	59,760
Contributions receivable, net (Note 4)	1,112,195	809,719
Prepaid expenses and other current assets	44,558	66,039
Fixed assets, net (Note 5)	97,138	141,402
Security deposit (Note 6)	170,385	168,510
Operating leases - right-of-use asset (Note 6)	1,823,315	0
	<u>\$15,906,447</u>	<u>\$11,543,865</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$359,129	\$363,395
Deferred rent	0	166,540
Operating lease liabilities (Note 6)	1,954,793	0
Total liabilities	<u>2,313,922</u>	<u>529,935</u>
Net assets:		
Without donor restrictions	11,849,710	9,463,073
With donor restrictions (Note 7)	1,742,815	1,550,857
Total net assets	<u>13,592,525</u>	<u>11,013,930</u>
Total liabilities and net assets	<u>\$15,906,447</u>	<u>\$11,543,865</u>

The attached notes and auditor's report are an integral part of these financial statements.

CHILDREN'S RIGHTS, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022
(With comparative totals for the year ended December 31, 2021)

	Without Donor Restrictions	With Donor Restrictions	Total 12/31/22	Total 12/31/21
Public support and revenue:				
Attorneys' fees income	\$6,299,046		\$6,299,046	\$13,090,166
Contributions	1,715,667	\$1,307,000	3,022,667	3,196,200
Government grant - Paycheck Protection Program (Note 9)			0	657,900
Special events income (net of expenses with a direct benefit to donors) (Note 14)	1,066,295		1,066,295	0
Other income	55		55	1,048
In-kind donations (Note 11)	2,920		2,920	0
Net investment return (Note 3)	(623,544)		(623,544)	5,956
Net assets released from restrictions (Note 7)	1,115,042	(1,115,042)	0	0
Total public support and revenue	<u>9,575,481</u>	<u>191,958</u>	<u>9,767,439</u>	<u>16,951,270</u>
Expenses:				
Program services	5,408,934		5,408,934	4,465,191
Management and general	724,790		724,790	695,764
Fundraising	1,055,120		1,055,120	1,182,229
Total expenses	<u>7,188,844</u>	<u>0</u>	<u>7,188,844</u>	<u>6,343,184</u>
Change in net assets	2,386,637	191,958	2,578,595	10,608,086
Net assets - beginning of year	<u>9,463,073</u>	<u>1,550,857</u>	<u>11,013,930</u>	<u>405,844</u>
Net assets - end of year	<u><u>\$11,849,710</u></u>	<u><u>\$1,742,815</u></u>	<u><u>\$13,592,525</u></u>	<u><u>\$11,013,930</u></u>

The attached notes and auditor's report are an integral part of these financial statements.

CHILDREN'S RIGHTS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(With comparative totals for the year ended December 31, 2021)

	Program Services	Management and General	Fundraising	Total Expenses 12/31/22	Total Expenses 12/31/21
Salaries	\$3,449,513	\$354,957	\$422,496	\$4,226,966	\$3,693,894
Employee benefits and taxes	795,162	81,823	97,391	974,376	862,826
Total salaries and related expenses	4,244,675	436,780	519,887	5,201,342	4,556,720
Professional fees (including in-kind legal services of \$2,920) (Note 11)	232,702	90,631	173,199	496,532	386,881
Litigation costs	32,395			32,395	10,475
Research and legal library	81,116		646	81,762	79,772
Events			339,524	339,524	257,838
Travel	96,236	66	1,554	97,856	10,665
Occupancy	447,478	50,747	45,110	543,335	529,643
Computer support and maintenance	136,004	29,173	74,526	239,703	133,295
Office supplies	49,304	12,262	15,642	77,208	100,009
Insurance	15,002	19,556		34,558	25,714
Training	16,655	775	725	18,155	18,582
Licenses and fees	17,641	80,451	23,044	121,136	41,547
Interest				0	137,215
Depreciation and amortization	39,726	4,349	4,788	48,863	54,828
Total expenses	5,408,934	724,790	1,198,645	7,332,369	6,343,184
Less: direct special event expenses netted with revenue			(143,525)	(143,525)	0
Total expenses	\$5,408,934	\$724,790	\$1,055,120	\$7,188,844	\$6,343,184

The attached notes and auditor's report are an integral part of these financial statements.

CHILDREN'S RIGHTS, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022
(With comparative totals for the year ended December 31, 2021)

	<u>12/31/22</u>	<u>12/31/21</u>
Cash flows from operating activities:		
Change in net assets	\$2,578,595	\$10,608,086
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	48,863	54,828
Net realized and unrealized loss on investments	875,222	1,128
Changes in assets and liabilities:		
Attorneys' fees receivable	9,716	(32,289)
Contributions receivable	(302,476)	(334,200)
Prepaid expenses and other current assets	21,481	33,498
Operating lease right-of-use asset and liability	131,478	0
Accounts payable and accrued expenses	(4,266)	(325,290)
Deferred rent	(166,540)	(16,337)
Total adjustments	<u>613,478</u>	<u>(618,662)</u>
Net cash provided by operating activities	<u>3,192,073</u>	<u>9,989,424</u>
Cash flows from investing activities:		
Purchases of fixed assets	(4,598)	(41,020)
Purchases of investments	(13,873,769)	
Proceeds from sales of investments	3,979,035	560
Net cash used for investing activities	<u>(9,899,332)</u>	<u>(40,460)</u>
Cash flows from financing activities:		
Interest and dividends reinvested	(251,678)	0
Payment of loan payable	0	(2,200,000)
Net cash used for financing activities	<u>(251,678)</u>	<u>(2,200,000)</u>
Net (decrease)/increase in cash and cash equivalents	(6,958,937)	7,748,964
Cash and cash equivalents - beginning of year	<u>10,297,844</u>	<u>2,548,880</u>
Cash and cash equivalents - end of year	<u><u>\$3,338,907</u></u>	<u><u>\$10,297,844</u></u>
Supplemental disclosure of cash flow information:		
Interest and taxes paid	<u>\$0</u>	<u>\$0</u>

The attached notes and auditor's report are an integral part of these financial statements.

CHILDREN'S RIGHTS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

Note 1 - Organization

Children's Rights, Inc. (the "Organization") is a national advocacy group that holds governments accountable for keeping kids safe and healthy in child welfare, juvenile justice, immigration, education, and healthcare systems. Children's Rights, Inc. is a not-for-profit corporation founded in 1994 and has been notified by the Internal Revenue Service that they are exempt from Federal income tax under Section 501(c)(3) of the U.S. Internal Revenue Code and from state and local taxes under comparable laws. The Organization has not been determined to be a private foundation as defined in Section 509(a).

The Organization's main sources of revenue are contributions and attorneys' fees.

Note 2 - Summary of Significant Accounting Policies

a. Basis of Accounting

The accompanying financial statements have been prepared using the accrual basis of accounting, which is the process of recording revenue and expenses when earned or incurred rather than received or paid.

b. Recently Adopted Accounting Standards

Effective January 1, 2022, the Organization adopted the Financial Accounting Standards Board's ("FASB") Accounting Standards Update ("ASU") No. 2016-02, *Leases*, which requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements. The Organization elected not to restate the comparative period (2021). It also elected not to reassess at adoption (i) expired or existing contracts to determine whether they are or contain a lease, (ii) the lease classification of any existing leases, or (iii) initial direct costs for existing leases. As a result of implementing ASU No. 2016-02, the Organization recognized right-of-use assets of \$2,236,671 and lease liabilities totaling \$2,400,288 in its statement of financial position as of January 1, 2022. The adoption did not result in a significant effect on amounts reported in the statement of activities for the year ended December 31, 2022.

Effective January 1, 2022, the Organization adopted the requirements of FASB's Accounting Standards Update ("ASU") 2020-07, Not-for-Profit Entities (Topic 958): *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU focuses on improving transparency in the reporting of contributed nonfinancial assets and requires a separate line-item presentation on the statement of activities and additional qualitative and quantitative disclosures. Adoption of the standard did not have a material impact on the Organization's financial statements.

c. Basis of Presentation

The Organization reports information regarding its financial position and activity according to the following classes of net assets:

- *Net Assets Without Donor Restrictions* – represents those resources for which there are no restrictions by donors as to their use.
- *Net Assets With Donor Restrictions* – represents those resources, the uses of which have been restricted by donors to specific purposes or the passage of time and/or must remain intact, in perpetuity. The release from restrictions results from the satisfaction of the restricted purposes specified by the donor.

d. Revenue Recognition

Legal fees and expenses may be awarded in certain court cases. The amounts of these awards are the results of court determinations and appellate decisions, or of negotiations between the parties to the actions. Management projects that the Organization will be the recipient of legal awards in the future, but the precise amounts and timing of the awards is uncertain.

Accordingly, the Organization follows the Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC") 450-30, *Gain Contingencies*, under which the accounting treatment is to accrue an award only when, in its judgment, the amount appears certain of collection.

The Organization follows the requirements of FASB ASC 958-605 for recording contributions, which are recognized at the earlier of when cash is received or at the time a pledge becomes unconditional in nature. Contributions that do not contain donor restrictions are recorded in the class of net assets without donor restrictions. Contributions that do contain donor restrictions are recorded in the class of net assets with donor restrictions. When a restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions. If donor restricted contributions are satisfied in the same period they were received, they are classified in the class of net assets without donor restrictions.

Contributions may be subject to conditions which are defined as both a barrier to entitlement and a right of return of payments or release from obligations and are recognized as income once the conditions have been substantially met.

Unconditional promises to give that are expected to be received in less than one year are recorded at net realizable value. Those that are due in greater than one year are recorded at fair value, which is calculated using risk adjusted present value techniques. Long-term promises to give are treated as time restricted until the period they are due, at which time they will be released from restriction and counted towards operations. Pledges are reviewed for collectability. Based on knowledge of specific donors and factoring in historical experience, management has established a reserve for uncollectable pledges that totaled \$57,500 for each of the years ended December 31, 2022 and 2021.

e. Cash and Cash Equivalents

All highly liquid debt instruments purchased with a maturity of three months or less are considered to be cash and cash equivalents for purposes of the accompanying statement of cash flows.

f. Investments and Investment Income

Investments are recorded at fair value, which refers to the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

Accounting standards have established a fair value hierarchy that gives the highest priority to quoted market prices in active markets and the lowest priority to unobservable data. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 – Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are not observable, either directly or indirectly.

Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The following summarizes the composition of investments:

	<u>December 31, 2022</u>		
	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Certificates of deposit	\$0	\$522	\$522
Exchange traded funds	1,740,489	0	1,740,489
Corporate fixed income	1,831,357	0	1,831,357
Mutual funds	3,184,840	0	3,184,840
Equity securities	<u>2,173,935</u>	<u>0</u>	<u>2,173,935</u>
Subtotal	8,930,621	522	8,931,143
Money market funds and other cash	<u>338,761</u>	<u>0</u>	<u>338,761</u>
Total	<u>\$9,269,382</u>	<u>\$522</u>	<u>\$9,269,904</u>

All investments at December 31, 2021 were in certificates of deposit and are considered level 2. This method produces a fair value calculation that may not be indicative of net realizable value or reflective of future values. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurements.

Donated securities are recorded at fair value on the date of the gift.

Realized and unrealized gains and losses are included in income on the statement of activities.

g. Fixed Assets

Furniture and equipment purchases that exceed predetermined amounts are recorded at cost or at fair value at the date of donation. Leasehold improvements that significantly add benefit to the property and have a useful life of greater than one year are capitalized at cost. Routine maintenance is expensed as incurred.

Furniture, equipment, and leasehold improvements are depreciated using the straight-line method over the estimated useful life of the asset (between three to seven years) or the remaining life of the lease.

h. Leases

The Organization determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use (“ROU”) assets and lease liabilities in the statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets also include prepaid or accrued rent. Operating lease expense is recognized on a straight-line basis over the lease term. The Organization does not report ROU assets and lease liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option.

i. In-Kind Donations

The Organization recognizes contributions of services that create or enhance non-financial assets or require specialized skills, that are provided by those possessing those skills, and would have been paid if not contributed.

j. Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Such information should be read in conjunction with the Organization’s financial statements for the year ended December 31, 2021, from which the summarized information was derived.

k. Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis.

The following costs are allocated based on time and effort:

- Salaries
- Employee benefits and taxes
- Insurance

The following costs are allocated based on the number of people at the New York office:

- Occupancy
- Office supplies
- Depreciation and amortization

All other expenses have been charged directly to the applicable program or supporting services.

l. Management Estimates

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues, and expenses, as well as the disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

m. Accounting for Uncertainty of Income Taxes

The Organization does not believe its financial statements include any material, uncertain tax positions. Tax filings for the periods ending December 31, 2019 and later are subject to examination by applicable taxing authorities.

Note 3 - Investment Income

The following summarizes investment income:

	<u>12/31/22</u>	<u>12/31/21</u>
Interest and dividends income	\$251,678	\$7,084
Realized and unrealized loss on investments	<u>(875,222)</u>	<u>(1,128)</u>
Total investment income, net	<u>(\$623,544)</u>	<u>\$5,956</u>

Note 4 - Contributions Receivable

Contributions receivable are due in the following periods:

Year ending:	December 31, 2023	\$891,268
	December 31, 2024	283,950
	December 31, 2025	<u>15,000</u>
		1,190,218
Less: discount on long-term receivables of 3.62%		(20,523)
Less: allowance for doubtful accounts		<u>(57,500)</u>
Total contributions receivable, net		<u>\$1,112,195</u>

Note 5 - Fixed Assets

Fixed assets consist of:

	<u>12/31/22</u>	<u>12/31/21</u>
Furniture and equipment	\$357,385	\$352,786
Leasehold improvements	<u>104,539</u>	<u>104,539</u>
	461,924	457,325
Less: accumulated depreciation and amortization	<u>(364,786)</u>	<u>(315,923)</u>
Total fixed assets, net	<u>\$97,138</u>	<u>\$141,402</u>

Note 6 - Operating Lease Right-of-Use Asset and Operating Lease Liability

The Organization evaluated current contracts to determine which met the criteria of a lease.

- a. The Organization leases office space in New York, NY under a non-cancelable lease which expires on September 30, 2026 and has been determined to be an operating lease. Under terms of that lease, an irrevocable standby letter of credit, which represents four months' rent was established. Included in the security deposits on the statement of financial position, a certificate of deposit account was opened in the amount of \$168,510 for this purpose. The lease provides a provision for a free fixed rent allowance of \$151,313 for the first three and a half months of the lease.
- b. The Organization leases space in Atlanta, under an agreement that runs through March 31, 2023. As indicated in Note 2h, as this lease term expires within twelve months of the statement of financial position date, the Organization is not reporting an ROU asset or lease liability for this lease. Future remaining minimum lease payments total \$2,250. Included in the security deposits on the statement of financial position is a security deposit associated with this lease in the amount of \$1,815.

The ROU assets, totaling \$1,823,315, represent the Organization's right to use the underlying asset for the lease term, and the lease liabilities, totaling \$1,954,793, represent the Organization's obligation to make lease payments arising from this lease. The ROU assets and lease liabilities were calculated based on the present value of future lease payments over the lease terms. The Organization has made an accounting policy election to use a risk-free rate in lieu of its incremental borrowing rate to discount future lease payments. The weighted-average discount rate applied to calculate lease liabilities as of December 31, 2022 was 1.27%. As of December 31, 2022, the weighted average remaining lease term for the Organization's operating lease was approximately 3.75 years.

The lease term does not include any extension options.

For the year ended December 31, 2022, total operating lease cost was \$515,405. There was one short-term lease cost during the year ended December 31, 2022.

Rental expense totaled \$517,563 and \$503,297 during the years ended December 31, 2022 and 2021, respectively.

Cash paid for operating leases for the year ended December 31, 2022 was \$550,466. There were no noncash investing and financing transactions related to leasing other than the transition entry described in Note 2b. The future payments due under the operating lease as of December 31, 2022 are as follows:

Year ending:	December 31, 2023	\$550,466
	December 31, 2024	550,466
	December 31, 2025	550,466
	December 31, 2026	<u>412,850</u>
Total		<u>\$2,064,248</u>

Note 7 - Net Assets with Donor Restrictions

The following summarizes the activity of net assets with donor restrictions:

	<u>December 31, 2022</u>			
	Balance <u>1/1/22</u>	Contributions	Released from Restrictions	Balance <u>12/31/22</u>
Program restrictions:				
Legal Campaigns	\$1,329,839	\$1,287,000	(\$881,624)	\$1,735,215
Advocacy	<u>101,018</u>	<u>20,000</u>	<u>(113,418)</u>	<u>7,600</u>
Total program	1,430,857	1,307,000	(995,042)	1,742,815
Time restrictions	<u>120,000</u>	<u>0</u>	<u>(120,000)</u>	<u>0</u>
Total	<u>\$1,550,857</u>	<u>\$1,307,000</u>	<u>(\$1,115,042)</u>	<u>\$1,742,815</u>
	<u>December 31, 2021</u>			
	Balance <u>1/1/21</u>	Contributions	Released from Restrictions	Balance <u>12/31/21</u>
Program restrictions:				
Legal Campaigns	\$1,377,169	\$605,000	(\$652,330)	\$1,329,839
Advocacy	69,848	250,000	(218,830)	101,018
401(K) matching	<u>46,992</u>	<u>0</u>	<u>(46,992)</u>	<u>0</u>
Total program	1,494,009	855,000	(918,152)	1,430,857
Time restrictions	<u>170,000</u>	<u>150,000</u>	<u>(200,000)</u>	<u>120,000</u>
Total	<u>\$1,664,009</u>	<u>\$1,005,000</u>	<u>(\$1,118,152)</u>	<u>\$1,550,857</u>

Note 8 - Commitments

The Organization received grants between 2016 and 2022 to be used for expert witness fees. Terms of the grants specify that if the Organization receives legal fee awards on specific cases, that they will be required to reimburse the grantee, plus interest at an annual rate of 7%. As the Organization is unable to determine the probability of a recovery, no liability has been reflected on the financial statements.

During the year ended December 31, 2022, the Organization repaid one of the grants that totaled \$15,000 plus additional interest.

Note 9 - Paycheck Protection Program

The Organization obtained a loan from the Small Business Administration (“SBA”) in the amount of \$657,900 during the year ended December 31, 2021, through the Paycheck Protection Program (“PPP”). The Organization accounts for the PPP loan as a contribution in accordance with FASB ASC 958-605. The conditions for forgiveness of this loan were met and approval for forgiveness from the SBA occurred during 2021 and the full amount was recognized as revenue in the year ended December 31, 2021

Note 10 - Availability and Liquidity

Financial assets available within one year of the statement of financial position date for general expenditures are as follows:

Financial assets at year-end:	
Cash and cash equivalents	\$3,338,907
Investments	9,269,905
Attorneys’ fees receivable	50,044
Contributions receivable due within one year, net	<u>891,268</u>
Total financial assets	\$13,550,124
Less amounts not available for general expenditures:	
Donor restricted contributions – purpose restrictions	<u>(1,742,815)</u>
Financial assets available within one year to meet cash needs for general expenditures	<u>\$11,807,309</u>

Note 11 - In-Kind Donations

Donated services are recognized in circumstances where those services create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased, if not provided in-kind.

In 2022, the Organization received donated legal services, totaling \$2,920, and received no in-kind donations during fiscal year 2021.

Donated legal and other services, which are included in management and general on the statement of functional expenses, are valued at the standard hourly rates charged for those services.

Note 12 - Pension Plan

Employees that have at least six months of service are eligible to participate in an employer sponsored defined-contribution 401(k) pension plan. Effective January 1, 2015, the plan instituted a safe harbor match feature where the Organization matches 100% of the first 3% contributed by the employee and 50% on the next 2% contributed. Employer contributions to the plan amounted to \$132,000 and \$116,000 for the years ended December 31, 2022 and 2021, respectively.

Note 13 - Concentrations

- a. Financial instruments which potentially subject the Organization to concentration of credit risk consist of cash, money market accounts and investment securities which have been placed with financial institutions that management deems to be creditworthy. Accounts are insured by the Federal Deposit Insurance Corporation (“FDIC”) or the Securities Investor Protection Corporation (“SIPC”). Investments are subject to market value fluctuations and principal is not guaranteed. At year end and at various times during the year, the Organization had material uninsured balances; however, no losses have been suffered due to the failure of any of these institutions.
- b. Earned revenue in the form of attorneys’ fee awards represents 63% of the Organization’s overall revenue.

Note 14 - Special Events

Due to the pandemic, the Organization did not hold a fundraising event in 2021. A summary of the annual benefit for 2022 is as follows:

Event income	\$1,209,820
Less: expenses with a direct benefit to donor	<u>(143,525)</u>
	1,066,295
Less: other event expenses	<u>(195,999)</u>
Total	<u>\$870,296</u>

Note 15 - Subsequent Events

Subsequent events have been evaluated through May 19, 2023, the date the financial statements were available to be issued. There were no material events that have occurred that required adjustment to or disclosure to the financial statements.