

**CENTER FOR CONSTITUTIONAL RIGHTS**  
**INDEPENDENT AUDITORS' REPORT**  
**ON**  
**FINANCIAL STATEMENTS**  
**AS OF JUNE 30, 2008**  
**AND**  
**FOR THE YEAR THEN ENDED**

# CENTER FOR CONSTITUTIONAL RIGHTS

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MEMBERS  
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS  
NEW YORK STATE SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' REPORT**

To the Board of Trustees  
Center for Constitutional Rights  
New York, New York

We have audited the accompanying statement of financial position of Center for Constitutional Rights as of June 30, 2008 and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Center for Constitutional Rights' management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Center for Constitutional Rights as of June 30, 2008 and the change in net assets and its cash flows for the year then ended in conformity with the accounting principles generally accepted in the United States of America.



New York, New York  
August 8, 2008

**CENTER FOR CONSTITUTIONAL RIGHTS  
STATEMENT OF FINANCIAL POSITION  
AS OF JUNE 30, 2008**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total All Funds</u>
<b><u>ASSETS</u></b>				
<b><u>Current Assets</u></b>				
Cash and cash equivalents	\$ 1,323,671	\$ 345,738	\$ 5,000	\$ 1,674,409
Grants and contributions receivable	58,188			58,188
Accounts and accrued interest receivable	18,783			18,783
Legal fee awards receivable	325,000			325,000
Prepaid expenses	73,855			73,855
Investments - Notes 2 and 3	<u>1,250,728</u>	<u>615,854</u>	<u>291,586</u>	<u>2,158,168</u>
<b>Total Current Assets</b>	3,050,225	961,592	296,586	4,308,403
<b><u>Non-Current Assets</u></b>				
Deferred loan cost net of accumulated amortization of \$13,436 - Notes 2 and 5	4,090			4,090
Utility deposits	4,880			4,880
Fixed assets, at cost, net of accumulated depreciation of \$1,554,959 - Notes 2 and 4	748,830			748,830
Art work	<u>39,517</u>			<u>39,517</u>
<b>Total Assets</b>	<u>\$ 3,847,542</u>	<u>\$ 961,592</u>	<u>\$ 296,586</u>	<u>\$ 5,105,720</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>				
<b><u>Current Liabilities</u></b>				
Accounts and accrued expenses payable	\$ 294,044			\$ 294,044
Annuity payment liability - current portion - Note 11	92,988			92,988
Grants payable	<u>7,533</u>			<u>7,533</u>
<b>Total Current Liabilities</b>	394,565			394,565
<b><u>Long-Term Liabilities</u></b>				
Annuity payment liability - Note 11	<u>238,948</u>			<u>238,948</u>
<b>Total Liabilities</b>	<u>633,513</u>			<u>633,513</u>
<b><u>NET ASSETS - Notes 7, 8 and 9</u></b>				
Unrestricted - Operating	2,517,433			2,517,433
Unrestricted - Board designated program reserve	636,596			636,596
Unrestricted - Board designated endowment	60,000			60,000
Temporarily restricted		\$ 961,592		961,592
Permanently restricted			<u>\$ 296,586</u>	<u>296,586</u>
<b>Total Net Assets</b>	<u>3,214,029</u>	<u>961,592</u>	<u>296,586</u>	<u>4,472,207</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 3,847,542</u>	<u>\$ 961,592</u>	<u>\$ 296,586</u>	<u>\$ 5,105,720</u>

See accompanying notes to financial statements.

**CENTER FOR CONSTITUTIONAL RIGHTS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total All Funds</u>
<b><u>Revenue, Gains and Other Support</u></b>				
Grants and contributions from:				
Foundations	\$ 1,185,105	\$ 1,370,450		\$ 2,555,555
Corporations	57,912			57,912
Individuals	1,468,930	2,000	\$ 5,000	1,475,930
Federations	5,000			5,000
Bequests	253,645			253,645
Special event income	1,265			1,265
Court awards and attorney fees	349,882			349,882
Interest and dividend income	157,209			157,209
Net realized loss on investment transactions	( 1,653)			( 1,653)
Net unrealized loss on investments	( 134,646)			( 134,646)
Other income	<u>4,929</u>			<u>4,929</u>
<b>Total Revenue, Gains and     Other Support</b>	<b>3,347,578</b>	<b>1,372,450</b>	<b>5,000</b>	<b>4,725,028</b>
Net assets released from restrictions - Note 6				
Satisfaction of purpose restrictions	1,592,738	( 1,592,738)		-
Satisfaction of time restrictions	<u>135,000</u>	<u>( 135,000)</u>		<u>-</u>
	<u>1,727,738</u>	<u>( 1,727,738)</u>		<u>-</u>
<b>Total Revenue, Gains and     Other Support</b>	<b><u>5,075,316</u></b>	<b><u>( 355,288)</u></b>	<b><u>5,000</u></b>	<b><u>4,725,028</u></b>
<b><u>Expenses</u></b>				
<b>Program Services</b>				
Litigation	2,550,837			2,550,837
Education and outreach	<u>1,385,033</u>			<u>1,385,033</u>
<b>Total Program Services</b>	<u>3,935,870</u>			<u>3,935,870</u>
<b>Supporting Services</b>				
Administrative and general	562,743			562,743
Fund raising	<u>708,633</u>			<u>708,633</u>
<b>Total Supporting Services</b>	<u>1,271,376</u>			<u>1,271,376</u>
<b>Total Expenses</b>	<b><u>5,207,246</u></b>			<b><u>5,207,246</u></b>
Change in Net Assets	( 131,930)	( 355,288)	5,000	( 482,218)
Net Assets as of June 30, 2007	<u>3,345,959</u>	<u>1,316,880</u>	<u>291,586</u>	<u>4,954,425</u>
Net Assets as of June 30, 2008	<u><u>\$ 3,214,029</u></u>	<u><u>\$ 961,592</u></u>	<u><u>\$ 296,586</u></u>	<u><u>\$ 4,472,207</u></u>

See accompanying notes to financial statements.

**CENTER FOR CONSTITUTIONAL RIGHTS  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2008**

**Cash Flows From Operating Activities**

Change in Net Assets (\$ 482,218)

**Adjustments to reconcile change in Net Assets  
to net cash used in operating activities**

Depreciation	118,087
Amortization of loan costs	3,505
Decrease in grants and contributions receivable	322,619
Increase in accounts and accrued interest receivable	( 3,169)
Increase in legal fee awards receivable	( 325,000)
Increase in prepaid expenses	( 23,825)
Increase in accounts and accrued expenses payable	15,926
Increase in annuity payment liability	82,683
Increase in grants payable	499
Net realized loss on investment transactions	1,653
Net unrealized loss on investments	<u>134,646</u>

**Total Adjustments** 327,624

**Net Cash Used in Operating Activities** ( 154,594)

**Cash Flows From Investing Activities**

Acquisition of fixed assets	( 37,837)
Purchases of investments	( 2,662,577)
Proceeds from sale of investments	<u>2,605,220</u>

**Net Cash Used in Investing Activities** ( 95,194)

**Net Decrease in Cash and Cash Equivalents** ( 249,788)

Cash and cash equivalents as of June 30, 2007 1,924,197

Cash and cash equivalents as of June 30, 2008 \$ 1,674,409

See accompanying notes to financial statements.

**CENTER FOR CONSTITUTIONAL RIGHTS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008**

**NOTE 1 ORGANIZATION**

Center for Constitutional Rights ("CCR") is a non-profit legal and educational organization dedicated to advancing and protecting the rights guaranteed by the United States Constitution and the Universal Declaration of Human Rights.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying financial statements have been prepared on the accrual basis of accounting. The significant accounting policies followed are described below:

**Support**

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions received and unconditional promises to give are measured at their fair value and are reported as an increase in net assets. CCR reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are transferred to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

**Cash and Cash Equivalents**

Cash and cash equivalents consist of cash held in checking and money market accounts and certificates of deposit with original maturities of less than 90 days. CCR's cash balances were deposited in several banks. Management believes that CCR is not exposed to any significant credit risk on cash and cash equivalents.

**Investments**

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the statement of financial position. Investment income or loss (including gains and losses on investments, interest and dividends) is included in the statement of activities.

Realized and unrealized gains and losses allocated to the unrestricted, temporarily and permanently restricted net assets are recognized as incurred. They are recorded in the Statement of Activities as income or loss in accordance with donors restrictions.

**Fixed Assets**

All major acquisitions of fixed assets are capitalized and depreciated over their estimated useful lives using the straight-line method.

(Continue)

**CENTER FOR CONSTITUTIONAL RIGHTS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

Loan Costs

Fees and other expenses associated with the line of credit are being amortized using the straight-line method over the term of the loan.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

CCR is exempt from income taxes under Section 501(c)3 of the Internal Revenue Code and similar provisions of the State Code. Income determined to be unrelated business income is taxable.

**NOTE 3 INVESTMENTS**

Investments, stated at fair value, as of June 30, 2008 consist of the following:

Certificate of deposits	\$ 1,113,438
Equity securities	516,118
Mutual funds	407,605
U.S. government obligations	69,994
Debt securities	<u>51,013</u>
Total	<u>\$ 2,158,168</u>

**NOTE 4 FIXED ASSETS**

As of June 30, 2008, the costs of the assets and the related accumulated depreciation were as follows:

Building and improvements	\$ 2,074,720
Furniture and fixtures	120,505
Computer and software	81,894
Telephone system	<u>26,670</u>
	2,303,789
Less - accumulated depreciation	<u>1,554,959</u>
Net	<u>\$ 748,830</u>

Fully depreciated fixed assets of \$8,343 has been disposed of during the year.



**CENTER FOR CONSTITUTIONAL RIGHTS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008**

**NOTE 5 DEFERRED LOAN COSTS / LINE OF CREDIT**

On August 25, 2004, CCR obtained a line of credit of \$400,000 from a bank. CCR's line of credit, to be drawn as needed, bears an annual interest rate of .5% above the bank's base rate. The line of credit is available through September 1, 2009. The line of credit is secured by a mortgage note and is collateralized by CCR's property located at 656-666 Broadway. The primary purpose of this line of credit is to provide CCR with working capital for its programs.

As of June 30, 2008, CCR did not make any drawdown on this line of credit. Loan costs associated with this line of credit are deferred and are being amortized over the term of the line of credit. Amortization expense charged to statement of activities for the year was \$3,505.

**NOTE 6 NET ASSETS RELEASED FROM RESTRICTIONS**

The amounts released during the year ended June 30, 2008 are as follows:

Satisfaction of purpose restrictions:	
Guantanamo Global Justice Initiative	\$ 596,917
International Human Rights	327,219
Global Detention and Rendition Project	235,953
Capacity Building	308,241
Intern and Fellowship	85,031
Post 9/11 Civil Liberties work	21,750
Litigation	10,000
Cuba Travel	5,000
Support designated for legal cases	<u>2,627</u>
	1,592,738
Satisfaction of time restrictions:	
General support designated for 2008	<u>135,000</u>
Total	<u>\$ 1,727,738</u>

**CENTER FOR CONSTITUTIONAL RIGHTS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008**

**NOTE 7 BOARD DESIGNATED PROGRAM RESERVE AND ENDOWMENT**

In 2005, a reserve fund was designated by the Board of Trustees to provide long-term support for the following purposes. Investment earnings from the reserve fund are added to the existing reserve.

Reserve for special programs and projects	\$ 458,975	
Litigation fund	<u>177,621</u>	
 Total Board designated program reserve	 636,596	
 Board designated endowment	 <u>60,000</u>	
 Total Board designated reserve fund	 <u>\$ 696,596</u>	

**NOTE 8 TEMPORARILY RESTRICTED ASSETS**

Temporarily restricted net assets as of June 30, 2008 are available for the following:

Capacity Building	\$ 495,118	
Guantanamo Global Justice Initiative	183,333	
Intern and Fellowship	118,715	
International Human Rights	56,283	
Racial, Gender and Economic Justice	30,000	
100 Days Media Campaign	50,000	
General support designated for 2009	22,500	
Support designated for legal cases	<u>5,643</u>	
 Total	 <u>\$ 961,592</u>	

**NOTE 9 PERMANENTLY RESTRICTED NET ASSETS**

Permanently restricted net assets of \$296,586 are restricted in perpetuity. The income from the related investments is expendable to support the general operations.

**NOTE 10 PENSION PLAN**

CCR sponsors a defined contribution pension plan that covers all employees who have completed one year of service. Contribution to the plan is based on three (3) percent of employees' salaries. For the year ended June 30, 2008, the amount of pension expenses is \$74,360.

**CENTER FOR CONSTITUTIONAL RIGHTS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008**

**NOTE 11 CHARITABLE GIFT ANNUITY**

CCR entered into charitable gift annuity contracts with several donors. The agreements provide for, among other matters, annuity payments of a fixed amount to the individual donors or their designated beneficiary(s) for life. As of June 30, 2008, annuity payment liability was \$331,936.

Subsequent to the year end, on August 5, 2008, State of New York Insurance Department (the “ Department”) issued a new regulation regarding reserves being held by charitable organizations in support of gift annuities. The new regulation requires, among other things, the minimum reserve held must be at least as great as 115% of the reserve calculated using the Department’s prescribed method. To allow charitable organizations time to arrange for the larger reserves they must maintain, the Department will phase in the new reserve requirement over a three-year period beginning with year-end 2008. The reserve amount for CCR will be actuarially determined for December 2008 and will be reflected in fiscal year ending June 30, 2009.

**NOTE 12 FUNCTIONAL ALLOCATION OF EXPENSES**

The costs of providing the various programs, fund raising and other activities have been summarized on a functional basis in the schedule of functional expenses. Accordingly, certain costs have been allocated among the program and fund raising activities benefitted.

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MEMBERS  
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS  
NEW YORK STATE SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' REPORT**  
**ON ADDITIONAL INFORMATION**

To the Board of Trustees  
Center for Constitutional Rights  
New York, New York

The financial statements of Center for Constitutional Rights, namely, the statement of financial position as of June 30, 2008 and the related statements of activities and cash flows for the year then ended and our Independent Auditors' Report thereon, are included in the preceding section of this report. Our audit was conducted for the purpose of forming an opinion on the basic financial statements of Center for Constitutional Rights taken as a whole. The supplemental information included in page 11 is presented for the purposes of additional analysis and is not a required part of the basic financial statements of Center for Constitutional Rights. Such information has been subjected to the same auditing procedures applied in the audit of the basic financial statements and, in our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Winnie Tam & Co., P.C.*

New York, New York  
August 8, 2008

**CENTER FOR CONSTITUTIONAL RIGHTS  
SCHEDULE OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2008**

	PROGRAM SERVICES			SUPPORTING SERVICES			Total Program and Supporting Services
	Litigation	Education and Outreach	Total	Administrative and General	Fund Raising	Total	
Salaries	\$ 1,438,634	\$ 585,236	\$ 2,023,870	\$ 272,027	\$ 334,497	\$ 606,524	\$ 2,630,394
Payroll taxes and employee benefits	371,747	151,226	522,973	70,293	86,435	156,728	679,701
<b>Total Salaries and Related Expenses</b>	<b>1,810,381</b>	<b>736,462</b>	<b>2,546,843</b>	<b>342,320</b>	<b>420,932</b>	<b>763,252</b>	<b>3,310,095</b>
Consultants	185,336	315,537	500,873	68,947	39,234	108,181	609,054
Travel expenses	140,742	53,759	194,501	526	25,461	25,987	220,488
Court and legal costs	45,528		45,528				45,528
Printing and publications	7,959	58,901	66,860	11,888	79,831	91,719	158,579
Telephone and communications	23,896	10,743	34,639	17,762	3,322	21,084	55,723
Postage and mailing	37,661	8,249	45,910	5,710	28,753	34,463	80,373
Supplies and minor equipment purchases	57,225	12,326	69,551	7,043	11,445	18,488	88,039
Insurance	24,993	1,581	26,574	903	1,468	2,371	28,945
Repairs and maintenance	71,259	15,348	86,607	8,771	14,252	23,023	109,630
Books and subscriptions	26,863	101,147	128,010	5,855	3,162	9,017	137,027
Legal and accounting fees				21,443		21,443	21,443
Occupancy costs	24,012	5,172	29,184	2,955	4,803	7,758	36,942
Equipment rental and maintenance	14,207	3,060	17,267	1,748	2,841	4,589	21,856
Meetings and conferences	4,018	9,091	13,109	9,443	5,131	14,574	27,683
Event expenses		32,225	32,225	10,724	52,647	63,371	95,596
Advertising and recruitment				6,372		6,372	6,372
Investment expenses				14,905		14,905	14,905
Amortization of loan costs				3,505		3,505	3,505
Miscellaneous		4,900	4,900	12,476		12,476	17,376
<b>Total Expenses Before Depreciation</b>	<b>2,474,080</b>	<b>1,368,501</b>	<b>3,842,581</b>	<b>553,296</b>	<b>693,282</b>	<b>1,246,578</b>	<b>5,089,159</b>
Depreciation	76,757	16,532	93,289	9,447	15,351	24,798	118,087
<b>Total Expenses</b>	<b>\$ 2,550,837</b>	<b>\$ 1,385,033</b>	<b>\$ 3,935,870</b>	<b>\$ 562,743</b>	<b>\$ 708,633</b>	<b>\$ 1,271,376</b>	<b>\$ 5,207,246</b>

See notes in the preceding section of this schedule.