

**CENTER FOR CONSTITUTIONAL RIGHTS**  
**INDEPENDENT AUDITORS' REPORT**  
**ON**  
**FINANCIAL STATEMENTS**  
**AS OF JUNE 30, 2018**  
**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 financial statements of Center for Constitutional Rights, which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

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

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

**Auditor's Responsibility**

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Center for Constitutional Rights as of June 30, 2018 and the changes in its net assets and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads "Winnie Lam & Co., P.C.". The signature is written in a cursive, flowing style. The word "Winnie" is on the left, followed by a large, sweeping flourish that extends over the word "Lam". The word "Lam" is written in a similar cursive style, followed by "& Co., P.C." in a more upright, but still cursive, script.

New York, New York  
September 25, 2018

**CENTER FOR CONSTITUTIONAL RIGHTS  
STATEMENT OF FINANCIAL POSITION  
AS OF JUNE 30, 2018**

	<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	\$ 5,152,198	\$ 923,950		\$ 6,076,148
Investments - Notes 2 and 3	17,170,738			17,170,738
Accounts and accrued interest receivable	119,114			119,114
Pledges, grants and contributions receivable - Notes 2 and 4	62,929	1,371,900		1,434,829
Legal awards receivable	493,131			493,131
Prepaid expenses	71,508			71,508
<b>Total Current Assets</b>	<b>23,069,618</b>	<b>2,295,850</b>		<b>25,365,468</b>
<b><u>Non-Current Assets</u></b>				
Investments restricted for endowment - Notes 2 and 3	60,000	516,259	\$ 1,102,306	1,678,565
Pledges receivable - Notes 2 and 4		439,647		439,647
Utility deposits	4,880			4,880
Fixed assets, at cost, net of accumulated depreciation and amortization of \$2,479,507 - Notes 2 and 5	280,082			280,082
Art work	59,377			59,377
<b>Total Assets</b>	<b>\$ 23,473,957</b>	<b>\$ 3,251,756</b>	<b>\$ 1,102,306</b>	<b>\$ 27,828,019</b>
<b><u>LIABILITIES AND NET ASSETS</u></b>				
<b><u>Current Liabilities</u></b>				
Accounts and accrued expenses payable	\$ 507,897			\$ 507,897
Annuity payment liability - current portion - Note 10	71,675			71,675
<b>Total Current Liabilities</b>	<b>579,572</b>			<b>579,572</b>
<b><u>Non-Current Liability</u></b>				
Annuity payment liability - Note 10	327,487			327,487
<b>Total Liabilities</b>	<b>907,059</b>			<b>907,059</b>
<b><u>NET ASSETS - Notes 6, 8, and 9</u></b>				
Unrestricted - Operating	5,794,550			5,794,550
Unrestricted - Board designated reserve funds	15,471,502			15,471,502
Unrestricted - Board designated endowment	60,000			60,000
Unrestricted - Reserve for annuity payment liability - Note 10	1,240,846			1,240,846
Temporarily restricted		\$ 3,251,756		3,251,756
Permanently restricted			\$ 1,102,306	1,102,306
<b>Total Net Assets</b>	<b>22,566,898</b>	<b>3,251,756</b>	<b>1,102,306</b>	<b>26,920,960</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 23,473,957</b>	<b>\$ 3,251,756</b>	<b>\$ 1,102,306</b>	<b>\$ 27,828,019</b>

See accompanying notes to financial statements.

**CENTER FOR CONSTITUTIONAL RIGHTS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2018**

	<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	\$ 7,979,346	\$ 2,618,031	\$ 40,000	\$ 10,637,377
Court awards and attorney fees	2,522,273			2,522,273
Special events income	44,885			44,885
Net investment income	198,077	19,764		217,841
Net realized gains on investment transactions	67,130	63,225		130,355
In-kind contributions	3,338			3,338
Other income	<u>8,422</u>			<u>8,422</u>
<b>Total Revenue, Gains and Other Support</b>	<b>10,823,471</b>	<b>2,701,020</b>	<b>40,000</b>	<b>13,564,491</b>
Net assets released from restrictions - Note 7	<u>2,132,097</u>	<u>( 2,132,097)</u>		<u>-</u>
<b>Total Revenue, Gains and Other Support</b>	<b><u>12,955,568</u></b>	<b><u>568,923</u></b>	<b><u>40,000</u></b>	<b><u>13,564,491</u></b>
<b><u>Expenses</u></b>				
<b>Program Services</b>				
Litigation	4,202,863			4,202,863
Education and outreach	<u>1,967,036</u>			<u>1,967,036</u>
<b>Total Program Services</b>	<b><u>6,169,899</u></b>			<b><u>6,169,899</u></b>
<b>Supporting Services</b>				
Administrative and general	847,813			847,813
Fund raising	<u>1,142,575</u>			<u>1,142,575</u>
<b>Total Supporting Services</b>	<b><u>1,990,388</u></b>			<b><u>1,990,388</u></b>
<b>Total Expenses</b>	<b><u>8,160,287</u></b>			<b><u>8,160,287</u></b>
<b>Change in Net Assets before Other Changes in Net Assets</b>	<b><u>4,795,281</u></b>	<b><u>568,923</u></b>	<b><u>40,000</u></b>	<b><u>5,404,204</u></b>
<b><u>Other Changes in Net Assets:</u></b>				
Net unrealized gains on investments	15,897	75,713		91,610
Changes in value of split-interest agreements - Note 10	<u>( 34,305)</u>			<u>( 34,305)</u>
<b>Total Other Changes in Net Assets</b>	<b><u>( 18,408)</u></b>	<b><u>75,713</u></b>		<b><u>57,305</u></b>
Change in Net Assets	4,776,873	644,636	40,000	5,461,509
Net Assets as of June 30, 2017	<u>17,790,025</u>	<u>2,607,120</u>	<u>1,062,306</u>	<u>21,459,451</u>
Net Assets as of June 30, 2018	<u>\$ 22,566,898</u>	<u>\$ 3,251,756</u>	<u>\$ 1,102,306</u>	<u>\$ 26,920,960</u>

See accompanying notes to financial statements.

**CENTER FOR CONSTITUTIONAL RIGHTS  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2018**

	PROGRAM SERVICES		SUPPORTING SERVICES			Total Program and Supporting Services
	Litigation	Education and Outreach	Total	Administrative and General	Fund Raising	
Salaries	\$ 2,571,317	\$ 1,159,468	\$ 3,730,785	\$ 480,168	\$ 676,751	\$ 1,156,919
Payroll taxes and employee benefits	741,241	334,244	1,075,485	138,419	195,089	333,508
<b>Total Salaries and Related Expenses</b>	<b>3,312,558</b>	<b>1,493,712</b>	<b>4,806,270</b>	<b>618,587</b>	<b>871,840</b>	<b>1,490,427</b>
Cooperating attorney fees	180,797		180,797			180,797
Consultants	100,690	160,182	260,872	80,666	29,019	370,557
Travel expenses (including in-kind contributions of \$3,338)	156,342	79,810	236,152	7,185	45,166	288,503
Court and legal costs	17,012		17,012			17,012
Printing and publications	14,387	25,077	39,464	2,037	41,774	83,275
Telephone and communications	31,375	12,426	43,801	2,875	8,188	54,864
Postage and mailing	17,229	3,150	20,379	611	23,648	44,638
Supplies and minor equipment purchases	46,533	15,790	62,323	5,622	16,822	84,767
Insurance	30,115	7,413	37,528	3,707	5,096	46,331
Building maintenance and storage rental	125,064	30,785	155,849	15,393	21,164	192,406
Books and subscriptions	34,909	29,263	64,172	1,306	4,598	70,076
Legal and accounting fees	10,838	1,377	12,215	51,419	804	64,438
Occupancy costs	18,644	4,589	23,233	2,295	3,155	28,683
Equipment rental and maintenance	30,234	7,370	37,604	3,651	9,418	50,673
Meetings and conferences	9,233	15,130	24,363	7,605	3,283	35,251
Grant expenses	1,500		1,500			1,500
Event expenses	4,276	65,805	70,081	4,828	48,528	123,437
Miscellaneous	1,610	506	2,116	32,701		34,817
<b>Total Expenses Before Depreciation and Amortization</b>	<b>4,143,346</b>	<b>1,952,385</b>	<b>6,095,731</b>	<b>840,488</b>	<b>1,132,503</b>	<b>1,972,991</b>
Depreciation and amortization	59,517	14,651	74,168	7,325	10,072	17,397
<b>Total Expenses</b>	<b>\$ 4,202,863</b>	<b>\$ 1,967,036</b>	<b>\$ 6,169,899</b>	<b>\$ 847,813</b>	<b>\$ 1,142,575</b>	<b>\$ 1,990,388</b>

See accompanying notes to financial statements.

**CENTER FOR CONSTITUTIONAL RIGHTS  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2018**

**Cash Flows From Operating Activities**

Change in Net Assets	\$ 5,461,509
Adjustments to reconcile change in Net Assets to net cash provided by operating activities	
Depreciation and amortization	91,565
Net realized gains on investment transactions	( 130,355)
Net unrealized gains on investments	( 91,610)
Change in assets and liabilities:	
Increase in accounts and accrued interest receivable	( 96,621)
Increase in grants and contributions receivable	( 1,306,372)
Increase in legal awards receivable	( 480,006)
Increase in prepaid expenses	( 11,896)
Increase in accounts and accrued expenses payable	156,215
Decrease in legal awards payable	( 13,125)
Decrease in annuity payment liability	( 117,144)
<b>Net Cash Provided by Operating Activities</b>	<b>3,462,160</b>

**Cash Flows From Investing Activities**

Acquisition of fixed assets	( 110,447)
Purchases of investments	( 24,552,551)
Proceeds from sale of investments	14,674,221
<b>Net Cash Used in Investing Activities</b>	<b>( 9,988,777)</b>

**Net Decrease in Cash and Cash Equivalents**

Cash and cash equivalents as of June 30, 2017	12,602,765
Cash and cash equivalents as of June 30, 2018	<b>\$ 6,076,148</b>

**Supplemental disclosures of cash flow information:**

Gifts of securities	<b>\$ 261,643</b>
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See accompanying notes to financial statements.



**CENTER FOR CONSTITUTIONAL RIGHTS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**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. Founded in 1966 by attorneys who represented civil rights movements in the South, CCR is committed to the creative use of law as a positive force for social change.

**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

Unconditional promises to give are recorded as received. Unconditional promises to give due in the next year are reflected as current promises to give and are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reflected as long-term promises to give and are recorded at the present value of their net realizable value, using risk-adjusted interest rates applicable to the years in which the promises are received to discount the amounts. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

Grants and other contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Endowment contributions and investments are permanently restricted by donor. Investment earnings with donor restrictions are recorded in temporarily or permanently restricted net assets based on the nature of the restrictions.

Cash and Cash Equivalents

Cash consist of cash held in checking and money market accounts. CCR considers all highly liquid instruments purchased with a maturity of three months or less and money market funds to be 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. The basis of determining the fair value of investments is the readily determinable sales price of the investments based on prices or quotations from over-the-counter markets.

(Continue)

**CENTER FOR CONSTITUTIONAL RIGHTS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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

Board and donor designated endowment investments are classified as non-current regardless of maturity date due to restrictions limiting CCR's ability to use these investments.

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.

Charitable Gift Annuities

Annuity agreements are issued in exchange for a payment that constitutes part charitable contribution and part purchase of an annuity, providing for payments to the stated annuitant(s) during their lifetime(s). These agreements constitute a general obligation of CCR. The gift portion of annuities and investment reserves in excess of liabilities are reported as unrestricted net assets-reserve for annuity payment liability.

Annuity Payment Liability

Annuity payment liability represents actuarially determined liabilities for obligations of gift annuity contracts.

Financial Statement Presentation

The classification of an organization's net assets and its support, revenue and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of the three classes of net assets, permanently restricted, temporarily restricted and unrestricted, be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities.

The classes of net assets are defined as follows:

Permanently Restricted - Net assets resulting from contributions and other inflows of assets whose use by CCR is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of CCR.

Temporarily Restricted - Net assets resulting from contributions and other inflows of assets whose use by CCR is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of CCR pursuant to those stipulations. When such stipulations end or are fulfilled, such temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities.

(Continue)

**CENTER FOR CONSTITUTIONAL RIGHTS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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

Unrestricted - Board Designated Funds - Net assets consist of all monies or assets contributed to CCR which are designated by the Board of Directors to provide long-term financial support.

Unrestricted - Reserve for Annuity payment liability - Net assets reserves to fund future payments to annuitants.

Unrestricted - Operating - The part of net assets that is neither permanently nor temporarily restricted by the Board or donor-imposed stipulations.

Non-Cash Contributions

Donated goods and services are reflected in the statement of activities at their fair values. Materials and other assets received as donations are recorded and reflected in the accompanying financial statements at their fair values at the date of receipt.

Legal Fee Awards

Pursuant to the Civil Rights Attorneys Fee Awards Act of 1976, legal fees and expenses may be awarded in certain court cases. The amounts of these awards are the result of court determinations and appellate decisions, or negotiations between the parties to the actions. Management anticipates but is unable to determine the amount or timing of receipt of legal awards with any degree of accuracy to CCR. Accordingly, its accounting policy is to accrue an award only when, in its judgement, the amount appears relatively certain of collection.

Grant Expenses

Contributions made and unconditional promises to give are recognized as expenses in the period made at their fair value.

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.

Accounting for Uncertainty in Income Taxes

CCR adopted *Financial Accounting Standards Board* ("FASB") guidance on uncertain income tax positions in its financial statements. CCR recognizes the effect of tax positions only when they are more likely than not of being sustained. Management is not aware of any violation of its tax status as an organization exempt from income taxes, nor of any exposure to unrelated business income tax.

**CENTER FOR CONSTITUTIONAL RIGHTS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 3 INVESTMENTS AND FAIR VALUE MEASUREMENTS**

Investments consist of the following as of June 30, 2018:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation/ (Depreciation)</u>
Certificates of deposit	\$ 6,175,000	\$ 6,171,159	(\$ 3,841)
Community investment note	9,361,215	9,361,215	-
Equity securities	1,663,237	2,146,869	483,632
Mutual funds - fixed income	8,965	8,440	( 525)
Mutual funds - domestic equity	232,208	308,076	75,868
Exchange-traded funds - equity	30,600	32,498	1,898
Exchange-traded funds - fixed income	41,734	40,869	( 865)
Corporate and foreign bonds	541,208	529,569	( 11,639)
U.S. Government obligations	<u>256,717</u>	<u>250,608</u>	<u>( 6,109)</u>
Total	<u>\$ 18,310,884</u>	\$ 18,849,303	<u>\$ 538,419</u>
Investments restricted for endowment		<u>1,678,565</u>	
Investments		<u>\$ 17,170,738</u>	

Total investment earnings consist of the following:

Interest and dividends	\$ 248,169
Investment expenses	<u>( 30,328)</u>
Net investment income	217,841
Net realized gains on investment transactions	130,355
Net unrealized gains on investments	<u>91,610</u>
Net investment return	<u>\$ 439,806</u>

Investments are measured at fair value. Generally accepted accounting principles establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. The three levels of the fair value hierarchy are as follows:

- Level 1: Unadjusted quoted market prices in active markets for identical assets and liabilities. The types of investments in Level 1 generally include listed equities, and mutual funds and exchange-traded funds that hold equities.
- Level 2: Significant observable inputs, other than those included in Level 1, such as unadjusted quoted market prices for similar assets or liabilities in active markets, unadjusted quoted prices for identical or similar assets and liabilities in markets that are not active, or inputs other than quoted prices that are observable for the asset or liability. Investments in this category generally include corporate debt, U.S. government debt, and fixed income mutual funds and exchange-traded funds.

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**CENTER FOR CONSTITUTIONAL RIGHTS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 3 INVESTMENTS AND FAIR VALUE MEASUREMENTS - (Continued)**

Level 3: Inputs that are unobservable for the asset or liability and include situations where there is little, if any, market activity for the asset or liability. The inputs into the determination of fair value are based upon the best information in the circumstances and may require management judgment or estimates. Investments in this category generally include equity and debt positions in private companies and real estate and ownership interests in alternative investment that cannot be redeemed in the near term.

In many cases, a valuation technique used to measure fair value includes inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy.

The following table sets forth by level, within the fair value hierarchy, CCR's financial instruments at fair value as of June 30, 2018:

	<u>Fair Value Measurements at Reporting Date Using</u>			
	<u>Fair Value</u>	Quoted Prices In Active Markets for Identical Assets <u>(Level 1)</u>	Other Observable Inputs <u>(Level 2)</u>	Significant Unobservable Inputs <u>(Level 3)</u>
Certificates of deposit	\$ 6,171,159		\$ 6,171,159	
Community investment note	9,361,215			\$ 9,361,215
Equity securities	2,146,869	\$ 2,146,869		
Mutual funds - fixed income	8,440		8,440	
Mutual funds - domestic equity	308,076	308,076		
Exchange-traded funds - equity	32,498	32,498		
Exchange-traded funds - fixed income	40,869		40,869	
Corporate and foreign bonds	529,569		529,569	
U.S. Government obligations	<u>250,608</u>		<u>250,608</u>	
Total Investments	<u>\$ 18,849,303</u>	<u>\$ 2,487,443</u>	<u>\$ 7,000,645</u>	<u>\$ 9,361,215</u>

**CENTER FOR CONSTITUTIONAL RIGHTS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 4 PROMISES TO GIVE**

Unconditional promises to give as of June 30, 2018 are as follows:

Receivable in less than one year	\$ 1,434,829
Receivable in one to five years	<u>480,000</u>
Total unconditional promises to give	1,914,829
Less: net present value discount	( <u>40,353</u> )
Net unconditional promises to give	<u>\$ 1,874,476</u>
Current	\$ 1,434,829
Non-current	<u>439,647</u>
Net unconditional promises to give	<u>\$ 1,874,476</u>

Long-term promises to give are recognized at fair value, using present value techniques and a discount rate of 5%.

CCR also received total conditional promises to give of \$2,088,867, which consists of: (1) \$988,867 for the next two years, which is subject to the satisfactory performance of the Bertha Justice Initiative Fellows Program, (2) \$100,000 for each of the next seven years for future litigation funds, which is contingent upon CCR matching the amount of \$100,000 each year in new or increased funding, and (3) \$400,000 for the next two years for programmatic initiatives, which is contingent upon CCR matching this amount in new funding.

**NOTE 5 FIXED ASSETS**

As of June 30, 2018, the costs of the assets and the related accumulated depreciation and amortization were as follows:

Building and improvements	\$ 2,617,930
Furniture and fixtures	7,945
Equipment	47,200
Computer and software	72,410
Phone system	<u>14,104</u>
	2,759,589
Less: accumulated depreciation and amortization	( <u>2,479,507</u> )
Net	<u>\$ 280,082</u>

**CENTER FOR CONSTITUTIONAL RIGHTS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 6 BOARD DESIGNATED RESERVE AND ENDOWMENT FUNDS**

In prior years, reserve funds were designated by the Board of Trustees to provide long-term support for the following purposes. Investment earnings from the reserve funds are added to the existing reserve funds.

Reserve for future programs and operations	\$ 14,453,087
Litigation fund	<u>1,018,415</u>
Total Board designated reserve funds	15,471,502
Board designated endowment	<u>60,000</u>
Total Board designated reserve and endowment funds	<u>\$ 15,531,502</u>

**NOTE 7 NET ASSETS RELEASED FROM RESTRICTIONS**

The amounts released during the year ended June 30, 2018 were as follows:

Satisfaction of purpose restrictions:	
Bertha Justice Initiative Fellows Program	\$ 552,693
Global Detention and Rendition Project	51,348
International Human Rights	151,409
Internships and Fellowships	18,440
Litigation and Advocacy	16,707
National Security and Human Rights	320,000
The Copelon Fund for Gender Justice	30,500
Gregory Finger Racial Justice Fellowship Fund	<u>51,000</u>
	1,192,097
Satisfaction of time restrictions:	
General Support designated for 2018	<u>940,000</u>
Total	<u>\$ 2,132,097</u>

**NOTE 8 TEMPORARILY RESTRICTED ASSETS**

Temporarily restricted net assets as of June 30, 2018 were available for the following:

Bertha Justice Initiative Fellows Program	\$ 268,236
Bayou Bridge Pipeline	2,000
Global Detention and Rendition Project	7,100
International Human Rights	42,240
Internships and Fellowships	37,600
Litigation and Advocacy	354,053
National Security and Human Rights	53,000
The Copelon Fund for Gender Justice	325,000
Gregory Finger Racial Justice Fellowship Fund	93,621

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**NOTE 8 TEMPORARILY RESTRICTED ASSETS - (Continued)**

General Support designated for future periods	\$ 1,552,647
Unappropriated endowment earnings	<u>516,259</u>
Total	<u>\$ 3,251,756</u>

**NOTE 9 ENDOWMENT NET ASSETS**

CCR's endowment consist of several individual funds established for a variety of purposes and includes both donor-restricted endowment funds and funds designated by the board of trustees to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the board of trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. The board of trustees of CCR may appropriate for expenditures or accumulate so much of an endowment fund as CCR determines as prudent for the uses, benefits, purposes and duration for which the fund was established, subject to the intent of the donor as expressed in the gift instrument.

Unless stated otherwise in the gift instrument, the assets in an endowment fund shall be donor-restricted assets until appropriated for expenditures by the board of trustees. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditures in a manner consistent with the standard of prudence prescribed by the New York Prudent Management of Institutional Funds Act (NYPMIFA).

Endowment funds by net assets classification as of June 30, 2018 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds		\$ 516,259	\$ 1,102,306	\$ 1,618,565
Board-designated endowment funds	\$ 60,000	_____	_____	<u>60,000</u>
Total endowment funds	<u>\$ 60,000</u>	<u>\$ 516,259</u>	<u>\$ 1,102,306</u>	<u>\$ 1,678,565</u>

Changes in endowment net assets for the fiscal year ended June 30, 2018 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment Net Assets as of June 30, 2017	\$ 60,000	\$ 357,557	\$ 1,062,306	\$ 1,479,863
Contribution			40,000	40,000
Net investment income		19,764		19,764
Net appreciation (realized and unrealized)	_____	<u>138,938</u>	_____	<u>138,938</u>
Endowment Net Assets as of June 30, 2018	<u>\$ 60,000</u>	<u>\$ 516,259</u>	<u>\$ 1,102,306</u>	<u>\$ 1,678,565</u>



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**NOTE 10 CHARITABLE GIFT ANNUITY**

CCR entered into charitable gift annuity contracts with several donors. The agreements provide for, among other matters, annuity payments over the lifetime of the individual donors or their designated beneficiary or beneficiaries. Annuity payment liability represents actuarially determined liabilities for obligations of gift annuity contracts. As of June 30, 2018, annuity payment liability was \$399,162. Adjustments to the annuity payment liability to reflect amortization of discount and changes in the life expectancy of the beneficiaries are recognized in the statement of activities as changes in value of split-interest agreements in the unrestricted net assets. Changes in value of split-interest agreements were \$34,305 for the year.

On August 5, 2008, State of New York Insurance Department (the "Department") issued a regulation regarding reserves being held by charitable organizations in support of gift annuities. The 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.

Gift assets are separately invested by CCR in annuity and reserve accounts for New York and California. As of June 30, 2018, the annuity and reserve accounts had a balance of \$1,485,456 in the account for New York and \$154,552 in the account for California, which exceeded the States' required reserve amounts of \$511,072 by \$1,128,936.

The excess of the annuity and reserve assets over annuity payment liability of \$1,240,846 is reflected as reserve for annuity payment liability in the unrestricted net assets in the statement of financial position.

**NOTE 11 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 five (5) percent of employees' salaries. Pension expenses for the year included contributions for the year ended June 30, 2018 of \$237,951.

**NOTE 12 CONCENTRATIONS OF CREDIT RISK**

Financial instruments, which potentially subject CCR to concentrations of credit risk, consist of cash, money market accounts and investment securities.

CCR maintains its cash in bank accounts in several financial institutions which, at times, may exceed federally insured limits. CCR has not experienced any losses in such accounts.

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**NOTE 12 CONCENTRATIONS OF CREDIT RISK** - (Continued)

CCR maintains money market and investment accounts with three creditworthy, high-quality financial institutions. CCR has significant investments in stocks, bonds, mutual funds and a community investment note and therefore, is subject to concentrations of credit risk. Investments in marketable securities are made by investment managers engaged by CCR and the investments are monitored for CCR by the investment advisors. Although the fair value of investments is subject to fluctuations on a year-to-year basis, management believes the investment policy is prudent for the long-term welfare of CCR.

**NOTE 13 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 statement of functional expenses. Accordingly, certain costs have been allocated among the program and fund raising activities benefitted.

**NOTE 14 SUBSEQUENT EVENTS**

CCR evaluated subsequent events through September 25, 2018, which is the date the financial statements were available to be issued. No subsequent events were identified that required adjustment to or disclosure within the financial statements.