CONSTITUTIONAL RIGHTS FOUNDATION OF ORANGE COUNTY

Financial Statements

Year ended June 30, 2025

(With Independent Auditor's Report Thereon)

CONSTITUTIONAL RIGHTS FOUNDATION OF ORANGE COUNTY

Financial Statements

Year ended June 30, 2025

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Davis Farr
CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

Board of Directors
Constitutional Rights Foundation of Orange County
Newport Beach, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Constitutional Rights Foundation of Orange County (a nonprofit "Organization"), which comprise the statement of financial position as of June 30, 2025, 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 June 30, 2025, and the changes in its net assets and its cash flows for the year then ended in conformity 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 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 the Organization's ability to continue as a going concern for one year after the date that the financial statements are 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 GAAS 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 GAAS, 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.

Davis Farr LLP

Irvine, California
August 21, 2025

CONSTITUTIONAL RIGHTS FOUNDATION OF ORANGE COUNTY

Statement of Financial Position

June 30, 2025

Assets	
Current assets:	
Cash and cash equivalents	$ 32,822
Investments (note 2)	295,248
Contributions receivable	20,000
Deposits and prepaid expenses	6,574
Total current assets	354,644
Non-current assets:	
Right of use lease asset, net (note 5)	120,233
Fixed assets, net (note 3)	4,734
Total non-current assets	124,967
Total assets	$ 479,611
Liabilities and Net Assets	
Current liabilities:	
Accounts payable	$ 6,631
Accrued salaries and benefits	8,694
Deferred revenue	66,900
Lease liability (note 5)	30,897
Total current liabilities	113,122
Non-current liabilities:	
Lease liability (note 5)	96,047
Total non-current liabilities	96,047
Total liabilities	209,169
Net assets:	
Without donor restrictions	263,942
With donor restrictions	6,500
Total net assets	270,442
Total liabilities and net assets	$ 479,611

See accompanying notes to financial statements.

CONSTITUTIONAL RIGHTS FOUNDATION OF ORANGE COUNTY

Statement of Activities

Year ended June 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Foundation contributions	$ 85,995	-	85,995
Individual and corporate contributions	81,165	-	81,165
Program fees	75,909	-	75,909
Investment income, net	24,716	-	24,716
	267,785	-	267,785
Special events:			
Special event revenue:			
Contributions	151,709	-	151,709
Less direct expenses	(30,035)	-	(30,035)
Net support from special events	121,674	-	121,674
Net assets released from restrictions	2,500	(2,500)	-
Total support and revenue	391,959	(2,500)	389,459
Expenses:			
Program services:			
Mock Trial	149,481	-	149,481
Peer Court	58,046	-	58,046
Other programs	71,886	-	71,886
Total program services	279,413	-	279,413
Supporting services:			
Management and general	64,604	-	64,604
Fundraising	60,532	-	60,532
Total supporting services	125,136	-	125,136
Total expenses	404,549	-	404,549
Increase (decrease) in net assets	(12,590)	(2,500)	(15,090)
Net assets at beginning of year	276,532	9,000	285,532
Net assets at end of year	$ 263,942	6,500	270,442

See accompanying notes to financial statements.

CONSTITUTIONAL RIGHTS FOUNDATION OF ORANGE COUNTY

Statement Of Functional Expenses

Year ended June 30, 2025

	PROGRAM SERVICES				SUPPORTING SERVICES			
	Mock Trial	Peer Court	Other Programs	Program Services Total	Management and General	Fund - Raising	Supporting Services Total	Total
Program related	$ 52,519	324	15,853	68,696	1,164	30,035	31,199	99,895
Salaries and benefits	66,166	41,896	41,290	149,352	36,676	39,373	76,049	225,401
Lease amortization/rent	12,881	7,134	6,540	26,555	6,487	7,134	13,621	40,176
Insurance	2,123	1,176	1,078	4,377	919	1,176	2,095	6,472
Utilities - telephone	1,770	981	905	3,656	1,732	999	2,731	6,387
Postage	115	30	68	213	32	-	32	245
Professional services	6,748	3,737	3,426	13,911	3,923	7,737	11,660	25,571
Website maintenance	1,445	800	733	2,978	667	800	1,467	4,445
Supplies	790	15	204	1,009	451	228	679	1,688
Lease interest expense	-	-	-	-	5,663	-	5,663	5,663
Other business expenses	4,830	1,901	1,741	8,472	1,059	3,033	4,092	12,564
Marketing expenses	94	52	48	194	785	52	837	1,031
Board expenses	-	-	-	-	2,710	-	2,710	2,710
Total expenses before depreciation	149,481	58,046	71,886	279,413	62,268	90,567	152,835	432,248
Depreciation	-	-	-	-	2,336	-	2,336	2,336
Total functional expenses	149,481	58,046	71,886	279,413	64,604	90,567	155,171	434,584
Less direct expenses of special events	-	-	-	-	-	(30,035)	(30,035)	(30,035)
Total expenses	$ 149,481	58,046	71,886	279,413	64,604	60,532	125,136	404,549

See accompanying notes to financial statements.

CONSTITUTIONAL RIGHTS FOUNDATION OF ORANGE COUNTY

Statement of Cash Flows

Year ended June 30, 2025

Cash flows from operating activities:		
Cash received from public support and contributions	$	241,069
Cash received from special events, net		150,035
Cash paid to employees		(242,042)
Cash paid to vendors		(189,029)
Net cash provided (used) by operating activities		(39,967)
Cash flows from investing activities:		
Purchase of fixed assets		(1,350)
Sale of investments		8,683
Net cash provided (used) by investing activities		7,333
Net increase (decrease) in cash		(32,634)
Cash and cash equivalents at beginning of year		65,456
Cash and cash equivalents at end of year	$	32,822
Reconciliation of changes in net assets to net cash provided (used) by operating activities:		
Increase (decrease) in net assets	$	(15,090)
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Depreciation		2,336
Amortization of right of use asset		40,176
Unrealized (gain) loss on investments		(13,111)
(Increase) decrease in contributions receivable		(2,000)
(Increase) decrease in deposits		873
Increase (decrease) in accounts payable		2,677
Increase (decrease) in accrued salaries and benefits		(16,641)
Increase (decrease) in deferred revenue		(1,674)
Increase (decrease) in lease liability		(37,513)
Net cash provided (used) by operating activities	$	(39,967)

Noncash Investing and Financing Activities:

There were no significant noncash investing or financing activities for the year ended June 30, 2025.

See accompanying notes to financial statements.

(1) Summary of Significant Accounting Policies

(a) Organization and Nature of Services

The Constitutional Rights Foundation of Orange County (the "Organization") is a nonprofit community-based organization which develops programs and materials to educate high school students located primarily in Orange County, California about the rights and responsibilities of effective citizenship and offers technical assistance and various other services in the subject areas of law and government, business and society, and civic participation. The Organization is supported through the collection of school fees for participation in the Mock Trial Program, the collection of board of directors' donations, contributions from private business organizations and individuals, and grants from private foundations.

(b) Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

(c) Financial Statement Presentation

The Organization follows the financial statement presentation recommended by the Financial Accounting Standards Board (FASB) in its Auditing Standards Codification (ASC) 958-205, *Presentation of Financial Statements.* Under ASC 958-205, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

(d) Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Organization considers all unrestricted, highly liquid investments with a maturity of three months or less to be cash equivalents. Cash equivalents consist of various demand deposits and money market mutual funds.

(e) Fixed assets

The Organization's fixed assets are recorded at cost, or in the case of donated items, at estimated fair market value at the date of the gift. Maintenance and repairs are expensed when incurred and betterments are capitalized. Fixed are depreciated using the straight-line method over the estimated useful lives of three to six years. The Organization capitalizes all assets valued at $500 or greater.

(1) Summary of Significant Accounting Policies (Continued)

(f) Income Taxes

The Organization is a tax-exempt organization ("other than a private foundation") under section 501(c)(3) of the Internal Revenue Code and is exempt from state franchise taxes under Section 23701(d) of the California Revenue and Taxation Code.

(g) Donated Facilities, Materials, and Services

Donated facilities, materials, and other non-cash contributions are reflected in the accompanying statements at their estimated market values at the date of receipt. Contributions of services are recognized if the services received 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 by donation.

The Organization received donated services from a variety of unpaid volunteers assisting the Organization in its program services and fundraising campaigns. No amounts for such donated services have been recognized in the accompanying financial statements since no objective basis is available to measure the value of such services. Contributed services requiring specific expertise are recognized in the accompanying financial statements.

(h) Net Assets

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Net Assets Without Donor Restrictions

Net assets without donor restrictions are resources available to support operations. The only limits on the use of these net assets are the broad limits resulting from the nature of the organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net Assets With Donor Restrictions

Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the organization must continue to use the resources in accordance with the donor's instructions.

(1) Summary of Significant Accounting Policies (Continued)

The Organization's unspent contributions are included in this class if the donor limited their use. When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

(i) 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 leases 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.

(j) Contributions

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

Special events revenue is comprised of an exchange element based upon the direct benefits donors receive and a contribution element for the difference. The Organization recognizes special events revenue equal to the fair value of direct benefits to donors when the special event takes place. The Organization recognizes the contribution element of special event revenue immediately, unless there is a right of return if the special event does not take place. Amounts received in advance are deferred to the applicable period.

(k) Program Fees

Program fee revenue is recognized when the performance obligation of offering the program has been met, which is on the date of the event. Most of the program fees are related to Mock Trials.

(l) Expense Recognition and Allocation

The cost of providing the Organization's programs and other activities is summarized on a functional basis in the Statement of Activities and Statement of Functional Expenses. Expenses that can be identified with a specific program are charged directly to that program.

(1) Summary of Significant Accounting Policies (Continued)

- Salaries and wages, benefits and payroll taxes are allocated based on each employee's activities and reviewed annually.

- All other expenses are apportioned based on a blended rate of staff time allocation.

General and Administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Organization.

Fundraising costs are expensed as incurred, except for costs relating directly to the special events which are reflected in the same fiscal year as the event.

(m) Use of Estimates

The preparation of these financial statements requires management to make estimates and assumptions. Those estimates and assumptions affect the reported amount of assets, liabilities, revenues, Investments, and expenses, as well as any contingent assets and liabilities. Actual results could differ from those estimates. Management also determines the accounting principles to be used in the preparation of financial statements.

(2) Investments

Investments at June 30, 2025 are composed of the following:

Investment Type	Level 1	Level 2	Level 3
Stock	$ 5,607	-	-
Exchange traded funds (ETF)			
Bond funds	74,009	-	-
Equity funds	51,544	-	-
Mutual funds			
Bond funds	119,023	-	-
Equity funds	45,065	-	-
Total	$ 295,248	-	-

The Organization follows a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

(2) Investment (Continued)

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 - Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

In some instances, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such instances, an instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. Market price is affected by a number of factors, including the type of instrument and the characteristics specific to the instrument, as well as the effects of market, interest and credit risk. Instruments with readily available active quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value. It is reasonably possible that changes in values of these instruments will occur in the near term and that such changes could materially affect amounts reported in the Organization's financial statements.

(3) Fixed Assets

Fixed assets consisted of the following at June 30, 2025:

Computers and software	$ 11,623
Furniture and equipment	1,812
Website	8,938
Subtotal	22,373
Less accumulated depreciation and amortizatic	(17,639)
Total	$ 4,734

Depreciation and amortization expense was $2,336 for the year ended June 30, 2025.

(4) Related Party Transactions

The spouse of a Board member provides contract accounting services to the Organization. Compensation paid to the contract accountant for the year ending June 30, 2025 amounted to $5,189 with a balance of $290 outstanding at year end.

The Organization leases office space from a significant donor. See additional lease details at footnote 5.

(5) Lease Payable and Right of Use Leased Asset

In June 2013, the Organization entered into a five-year non-cancelable operating lease for office space located in Newport Beach, California from which it conducts its operations. On July 11, 2017, the Organization entered into a first amendment to their lease agreement with Orange County Bar Association. The lease for the office space expired on June 16, 2023 at escalating monthly rent ranging from $3,000 to $3,300. On December 2, 2022, the Organization entered into the second amendment to the lease agreement with Orange County Bar Association. The amendment extended the lease for office space through June 16, 2028 at escalating monthly rent ranging from $3,300 to $3,525.

The Organization elected the option to use the risk-free rate determined using a period comparable to the lease terms as the discount rate for leases where the implicit rate is not readily determinable.

The future minimum lease payments under noncancellable operating leases with terms greater than one year are listed below as of June 30, 2025:

Year Ending June 30	
2026	$ 44,076
2027	44,976
2028	45,578
Total lease payments	134,630
Less: interest	(7,686)
Present value of leases payable	$ 126,944

Amortization expense was $40,176 for the year ended June 30, 2025. The right of use lease asset, net of amortization, was $120,233 for the year ended June 30, 2025.

(6) Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2025 are as follows:

Financial assets:	
Cash and cash equivalents	$ 32,822
Investments	295,248
Contributions receivable	20,000
Total financial assets	348,070
Less financial assets held to meet donor-imposed restrictions:	
Purpose-restricted net assets	(6,500)
Amount available for general expenditures within one year	$ 341,570

(6) Liquidity and Availability (Continued)

As part of the liquidity management plan, the Organization invests cash in excess of daily requirements in a money market fund. In addition, the Organization has established two investment accounts to hold funds in excess of $100,000 in accordance with the board approved investment policy.

(7) Subsequent Events

Subsequent events have been evaluated by management through August 21, 2025, which is the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.