

**CIVIL RIGHTS EDUCATION AND ENFORCEMENT CENTER**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

TOGETHER WITH INDEPENDENT AUDITORS' REPORT

CIVIL RIGHTS EDUCATION AND ENFORCEMENT CENTER  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021

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# TAYLORROTH

*Certified Public Accountants*

WORKING EXCLUSIVELY WITH NONPROFITS

November 21, 2022

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Civil Rights Education and Enforcement Center  
Denver, Colorado

### **Opinion**

We have audited the accompanying financial statements of Civil Rights Education and Enforcement Center (a Colorado nonprofit organization), which comprise the statement of financial position as of December 31, 2021, 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 financial statements referred to above present fairly, in all material respects, the financial position of Civil Rights Education and Enforcement Center as of December 31, 2021, 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. 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 Civil Rights Education and Enforcement Center 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 Civil Rights Education and Enforcement Center's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Civil Rights Education and Enforcement Center'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 Civil Rights Education and Enforcement Center'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**

We have previously audited Civil Rights Education and Enforcement Center's 2020 financial statements and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 14, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Taylor Roth and Company PLLC*

TAYLOR, ROTH AND COMPANY, PLLC  
CERTIFIED PUBLIC ACCOUNTANTS  
DENVER, COLORADO

**CIVIL RIGHTS EDUCATION AND ENFORCEMENT CENTER**

STATEMENT OF FINANCIAL POSITION  
AS OF DECEMBER 31, 2021  
(WITH COMPARATIVE TOTALS FOR 2020)

	<u>2021</u>	<u>2020</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 2,096,918	\$ 2,140,432
Contributions receivable	22,763	124,677
Grants and contracts receivable	175,000	75,000
Prepaid expenses	37,001	25,901
Property and equipment, net (Note 4)	24,821	46,929
Other assets	14,893	20,292
Total assets	<u>\$ 2,371,396</u>	<u>\$ 2,433,231</u>
<u>Liabilities and net assets</u>		
<u>Liabilities</u>		
Accounts payable	\$ 19,975	\$ 23,821
Accrued payroll expenses	10,199	6,038
Client trust liability	-	17,237
Financing lease liability (Note 8)	10,063	14,687
Note payable (Note 5)	-	108,564
Commitments (Note 8)		
Total liabilities	<u>40,237</u>	<u>170,347</u>
<u>Net assets</u>		
<u>Without donor restrictions</u>		
Undesignated	1,920,053	2,073,664
Net investment in property and equipment	24,821	46,929
	<u>1,944,874</u>	<u>2,120,593</u>
<u>With donor restrictions (Note 6)</u>	<u>386,285</u>	<u>142,291</u>
Total net assets	<u>2,331,159</u>	<u>2,262,884</u>
Total liabilities and net assets	<u>\$ 2,371,396</u>	<u>\$ 2,433,231</u>

The accompanying notes are an integral part of these financial statements

**CIVIL RIGHTS EDUCATION AND ENFORCEMENT CENTER**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(WITH COMPARATIVE TOTALS FOR 2020)**

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<u>Revenue and other support</u>				
Program service fees	\$ 733,722	\$ -	\$ 733,722	\$ 2,451,558
Contributions and grants	160,560	400,000	560,560	313,390
Paycheck Protection Program grant (Note 5)	108,564		108,564	-
Special event income, net	-	-	-	42,222
Loss on leasehold improvements	(9,488)	-	(9,488)	-
Net assets released from restrictions (Note 7)	231,006	(231,006)	-	-
Total revenue and other support	<u>1,224,364</u>	<u>168,994</u>	<u>1,393,358</u>	<u>2,807,170</u>
<u>Expenses</u>				
Program services	1,024,119	-	1,024,119	1,114,461
Supporting services				
Management and general	270,528	-	270,528	169,093
Fund-raising	<u>30,436</u>	<u>-</u>	<u>30,436</u>	<u>34,551</u>
Total expenses	<u>1,325,083</u>	<u>-</u>	<u>1,325,083</u>	<u>1,318,105</u>
Change in net assets	(100,719)	168,994	68,275	1,489,065
Reclassification	(75,000)	75,000	-	-
Net assets, beginning of year	<u>2,045,593</u>	<u>217,291</u>	<u>2,262,884</u>	<u>773,819</u>
Net assets, end of year	<u>\$ 1,869,874</u>	<u>\$ 461,285</u>	<u>\$ 2,331,159</u>	<u>\$ 2,262,884</u>

The accompanying notes are an integral part of these financial statements

**CIVIL RIGHTS EDUCATION AND ENFORCEMENT CENTER**

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(WITH COMPARATIVE TOTALS FOR 2020)

	2021			2020	
		Supporting Services			
	Program Services	Management and General	Fund- raising	Total	Total
Salaries	\$ 590,837	\$ 171,032	\$ 15,548	\$ 777,417	\$ 746,602
Employee benefits	54,038	15,642	1,422	71,102	76,505
Payroll taxes	56,507	16,357	1,487	74,351	65,930
Counsel, court, & other program costs	113,322	-	-	113,322	73,924
Occupancy	68,287	24,388	4,878	97,553	140,641
Education and outreach	35,950	-	-	35,950	45,737
Contract labor & consulting	24,295	7,033	640	31,968	20,496
Other professional services	13,017	3,768	343	17,128	12,662
Dues & fees	10,326	2,989	271	13,586	31,677
Insurance	8,881	2,571	234	11,686	6,090
Accounting	-	11,350	-	11,350	15,917
Communications	8,492	2,458	224	11,174	10,513
Legal	6,870	1,989	181	9,040	9,206
Office expenses	6,270	2,239	448	8,957	14,075
Travel	5,824	1,686	153	7,663	9,539
Staff training & resources	4,929	1,427	130	6,486	2,273
Fundraising	-	-	3,574	3,574	5,930
Software & IT	2,305	667	60	3,032	5,758
Printing & postage	1,738	503	45	2,286	4,354
Meals & entertainment	964	279	25	1,268	1,095
Bank & credit card fees	681	197	17	895	2,382
Interest expense	-	172	-	172	1,868
Repairs & maintenance	53	19	3	75	767
Special event expense	-	-	-	-	778
Miscellaneous expenses	1,465	523	105	2,093	2,890
	1,015,051	267,289	29,788	1,312,128	1,307,609
Depreciation	9,068	3,239	648	12,955	11,274
Less: Special event expense netted with revenue	-	-	-	-	(778)
Total expenses	\$ 1,024,119	\$ 270,528	\$ 30,436	\$ 1,325,083	\$ 1,318,105

The accompanying notes are an integral part of these financial statements

**CIVIL RIGHTS EDUCATION AND ENFORCEMENT CENTER**

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(WITH COMPARATIVE TOTALS FOR 2020)

	2021	2020
<u>Cash flows from operating activities</u>		
Change in net assets	\$ 68,275	\$ 1,489,066
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	12,954	11,274
PPP loan converted to grant	(108,564)	
 <u>Changes in operating assets and liabilities</u>		
(Increase)decrease in accounts receivable	101,914	31,951
(Increase)decrease in grants and contracts receivable	(100,000)	-
(Increase)decrease in prepaid expenses	(11,100)	(19,145)
(Increase)decrease in other assets	5,399	(1,580)
Increase(decrease) in accounts payable	(3,847)	(567)
Increase(decrease) in accrued payroll expenses	4,161	(4,119)
Increase(decrease) in funds held for others	(17,237)	11,413
Net cash provided(used) by operating activities	(48,045)	1,518,293
 <u>Cash flows from investing activities</u>		
(Additions) to property and equipment	(333)	(24,532)
(Gain)loss on disposal of leasehold improvements	9,488	-
Net cash provided(used) by investing activities	9,155	(24,532)
 <u>Cash flows from financing activities</u>		
Proceeds from PPP loan	-	108,564
Trade-in of financing lease asset	-	5,687
Increase(decrease) in financing lease obligation	(4,624)	4,414
Net cash provided(used) by financing activities	(4,624)	118,665
 Net increase(decrease) in cash and cash equivalents	(43,514)	1,612,426
 Cash and cash equivalents, beginning of year	2,140,432	528,006
Cash and cash equivalents, end of year	\$ 2,096,918	\$ 2,140,432

The accompanying notes are an integral part of these financial statements

## CIVIL RIGHTS EDUCATION AND ENFORCEMENT CENTER

### NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

#### NOTE 1 - NATURE OF ACTIVITIES

Civil Rights Education and Enforcement Center (the Organization) is a Colorado nonprofit corporation established in April 2013 to defend human and civil rights secured by law. The Organization achieves its mission through education, member input, instructional materials, individual advocacy, collaboration, enforcement, investigations, and filing lawsuits.

Funding for the Organization is obtained primarily through program service fees and charitable contributions and grants from interested parties.

#### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES

##### 1. Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

##### 2. Basis of Presentation

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles, which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

**Net assets without donor restrictions:** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

**Net assets with donor restrictions:** Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

##### 3. Cash and Cash Equivalents

The Organization considers all unrestricted, highly liquid investments with an initial maturity of three months or less to be cash equivalents.

##### 4. Receivables

Accounts receivable represent amounts that have been billed for program service fees but not yet collected as of the date of the financial statements. Grants receivable represent amounts that have been awarded to the Organization but not yet collected as of December 31, 2021. Receivables are stated at the amount management expects to be collected from the outstanding balances. As of December 31, 2021, management has determined, based on historical experience and

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES (continued)

4. Receivables (completed)

subsequent collections, that all amounts are fully collectible, and no allowance for doubtful accounts is necessary.

5. Revenue and Revenue Recognition

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

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how the contributed assets must be used are recorded as net assets with donor restrictions. Otherwise, the contributions are recorded as net assets without donor restrictions.

6. Contributed Services

Contributed services are recognized if services received (a) create or enhance non-financial assets or (b) require specialized skills and are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. There were no contributed services for the year ended December 31, 2021.

7. Capitalization and Depreciation

The Organization follows a practice of capitalizing all expenditures for property and equipment in excess of \$1,000. The fair value of donated assets is similarly capitalized. Depreciation of capitalized assets is taken over the estimated useful lives of the respective assets on a straight-line basis. Estimated useful lives range from 3 to 30 years.

8. Impairment of Long-Lived Assets

In the event that facts and circumstances indicate that property and equipment, or other assets, may be impaired, an evaluation of recoverability would be performed. If an evaluation is required, the estimated future undiscounted cash flows associated with the asset are compared to the asset's carrying amount to determine if a write-down to market value would be necessary. No impairment losses were recorded during the year ended December 31, 2021.

9. Funds Held for Others

Funds held for others are funds awarded as a result of successful claims that are held by the Organization for the benefit of the claimant. If settlement funds are received that include amounts owed to other attorneys, the Organization distributes those funds accordingly.

10. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES (completed)

11. Income taxes

The Organization has received an Internal Revenue Service exemption from federal income taxes under Section 501(c)(3). Accordingly, no provision or liability for income taxes has been provided in the accompanying financial statements.

12. Functional Reporting of Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. These expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated on the basis of staff time and effort include: employee salaries and wages; payroll taxes and benefits; office rent and utilities; telephone and internet; insurance; repairs and maintenance; travel; and depreciation.

13. Subsequent Events

Management has evaluated subsequent events through November 21, 2022, the date the financial statements were available to be issued.

NOTE 3 - AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets at December 31, 2021:

<u>Description</u>	<u>Amount</u>
Financial assets at year end:	
Cash and cash equivalents	\$ 2,096,918
Accounts receivable	22,763
Grants and contracts receivable	<u>175,000</u>
Financial assets available to meet cash needs for general expenditures	<u>\$ 2,294,681</u>

The Organization receives significant contributions that are restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability; maintaining adequate liquid assets to fund near-term operating needs; and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. To achieve these guiding principles, the Organization forecasts its future cash flows and monitors its liquidity monthly. During the year ended December 31, 2021, the level of liquidity and reserves was managed within the guiding principles.

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

<u>Description</u>	<u>Amount</u>
Furniture and equipment	\$ 38,734
Financing lease assets	10,063
Total	48,797
Less: accumulated depreciation	<u>(23,976)</u>
Net property and equipment	<u>\$ 24,821</u>

Depreciation expense was \$12,954 for the year ended December 31, 2021.

NOTE 5 - NOTE PAYABLE – SBA PPP

On May 6, 2020, the Organization received loan proceeds in the amount of \$108,564 under the Small Business Administration's Paycheck Protection Program ("PPP"). Established as part of the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"), the PPP provides for loans to qualifying organizations up to 2.5 times the organization's average monthly payroll expenses.

The Organization complied with the terms of the agreement and on December 10, 2021, received notice that the PPP loan was forgiven in full. The loan was converted to a grant in 2021.

NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS

At year-end, net assets with donor restrictions are available for the following purposes:

<u>Description</u>	<u>Amount</u>
Time-restricted grant receivable	\$ 175,000
Immigration Detention Accountability Project	142,469
Removing healthcare barriers for the deaf	<u>68,816</u>
Total	<u>\$ 386,285</u>

NOTE 7 - NET ASSETS RELEASED FROM DONOR RESTRICTIONS

During the year, net assets were released from donor restrictions by incurring expenses satisfying the restricted program purposes

<u>Description</u>	<u>Amount</u>
Immigration Detention Accountability Project	\$ 162,244
Removing healthcare barriers for the deaf	<u>68,762</u>
Total	<u>\$ 231,006</u>

NOTE 8 - LEASE COMMITMENTS

Financing lease:

The Organization leases equipment under a non-cancelable financing lease. The lease expires in March of 2024. The leased equipment has a present value of \$10,063 and accumulated depreciation of \$4,366 at December 31, 2021. Monthly payments are \$399.

Future minimum lease payments required under the non-cancelable financing lease are as follows at December 31, 2021:

<u>Year</u>	<u>Amount</u>
2022	\$ 4,792
2023	4,792
2024	1,198
Total minimum lease payments	10,782
Less: amount representing interest	(719)
	<u>\$ 10,063</u>

Operating leases:

The Organization entered into a non-cancelable operating lease for office space in Denver, CO. The agreement requires initial monthly payments of \$7,386 and expires in February of 2025. Rent expense was \$97,553 for the year ended December 31, 2021.

The Organization leases equipment under a non-cancelable operating lease. The lease requires monthly minimum payments of \$57 and expires in June of 2025. Rent expense was \$684 for the year ended December 31, 2021.

Future annual minimum lease payments required under the non-cancelable operating leases are as follows at December 31, 2021:

<u>Year</u>	<u>Amount</u>
2022	\$ 90,814
2023	92,616
2024	94,417
2025	16,014
Total	<u>\$ 293,861</u>

NOTE 9 - CONCENTRATIONS OF RISK

*Bank balance*

The Organization maintains its operating cash account at U.S. Bank located in Denver, CO. The account is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Total uninsured cash balances at December 31, 2021 and December 31, 2020 were \$1,851,093 and \$1,870,875, respectively.

NOTE 9 - CONCENTRATIONS OF RISK (concluded)

*Funding source*

A single funder provided 28% of all revenue and represented 88% of receivables at December 31, 2021.