

**FIRST AMENDMENT  
COALITION**

**FINANCIAL STATEMENTS WITH  
INDEPENDENT ACCOUNTANT'S  
COMPILATION REPORT**

**YEAR ENDED  
DECEMBER 31, 2021**

## **INDEPENDENT ACCOUNTANT'S COMPILATION REPORT**

**Board of Directors  
First Amendment Coalition  
San Rafael, California**

Management is responsible for the accompanying financial statements of First Amendment Coalition (a California nonprofit organization), which comprise the statement of assets, liabilities, and net assets - modified cash basis as of December 31, 2021, and the related statements of revenues, expenses, and other changes in net assets - modified cash basis for the year then ended, and the related notes to the financial statements in accordance with the modified cash basis of accounting, and for determining that the modified cash basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any assurance on these financial statements.

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.



**GILBERT CPAs  
Sacramento, California**

**May 19, 2022**

# FIRST AMENDMENT COALITION

## STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS – MODIFIED CASH BASIS DECEMBER 31, 2021

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### ASSETS

#### CURRENT ASSETS:

Cash and equivalents	\$ 1,075,408
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INVESTMENTS	<u>282,009</u>
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TOTAL ASSETS	<u>\$ 1,357,417</u>
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NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>\$ 1,357,417</u>
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TOTAL NET ASSETS AND LIABILITIES	<u>\$ 1,357,417</u>
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# FIRST AMENDMENT COALITION

## STATEMENT OF REVENUES, EXPENSES, AND OTHER CHANGES IN NET ASSETS - MODIFIED CASH BASIS YEAR ENDED DECEMBER 31, 2021

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**OPERATING REVENUES:**

Foundation grants	\$ 350,250
Contributions	609,237
Membership dues	11,600
Other income	<u>56,587</u>
Total revenues	<u>1,027,674</u>

**OPERATING EXPENSES:**

Program services	701,264
Management and general	<u>175,317</u>
Total expenses	<u>876,581</u>

**NET GAIN FROM OPERATIONS** 151,093

**OTHER REVENUE AND EXPENSES:**

Investment income	31,857
Investment expense	<u>-</u>
Total other revenue and expenses	<u>31,857</u>

**NET INCOME INCLUDING OTHER REVENUE AND EXPENSES** 182,950

**TOTAL INCREASE IN NET ASSETS** 182,950

**NET ASSETS, Beginning of Year** 1,174,467

**NET ASSETS, End of Year** \$ 1,357,417

# FIRST AMENDMENT COALITION

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021

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### 1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

The First Amendment Coalition (FAC) is a nonprofit public interest organization dedicated to advancing free speech and open-government rights. FAC's activities include providing free legal information and consultations; educational programs and conferences; public advocacy through published articles, books and public speaking; and litigation in selected cases against government agencies.

**Basis of accounting** – FAC's policy is to prepare its financial statements on the modified cash basis of accounting; consequently, revenues are recognized when received rather than when earned, and expenses are recognized when cash is disbursed rather than when the obligation is incurred.

**Cash and equivalents** - For financial statement purposes, FAC considers all investments with maturity at purchase of three months or less to be cash equivalents.

**Investments** are stated at fair value.

**Property and equipment** - Property and equipment are stated at cost. FAC follows the practice of capitalizing all expenditures for property and equipment over \$500. Depreciation is determined using the straight-line method over estimated useful lives of 3 to 7 years. Depreciation recorded in the current year is \$0.

**Income taxes** - FAC is exempt from income taxes under Internal Revenue Code Section 501(c)(3), and as such, there is no provision for income taxes. FAC has implemented the accounting principles related to accounting for uncertainty in income taxes and has determined that there is no material impact on the financial statements. With some exceptions, FAC is no longer subject to U.S. federal and state income tax examinations by tax authorities for years prior to 2018.

**Allocation of expenses** - The costs of providing the various program services and supporting activities have been summarized on a functional basis in the statements of revenues, expenses, and changes in net assets. Accordingly, certain costs have been allocated among the various functions.

Subsequent events have been evaluated through the report date May 19, 2022. Management concluded that no material subsequent events have occurred since December 31, 2021 that require recognition or disclosure in the financial statements.

**Use of estimates** - The preparation of financial statements in conformity with the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles accepted in the United States of America, requires management to make estimates and assumptions that affect certain amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Fair value measurements** - Fair value is a market-based measurement, not an entity-specific measurement. For some assets and liabilities, observable market transactions or market information might be available. For other assets and liabilities, observable market transactions and market information might not be available. However, the objective of a fair value

# FIRST AMENDMENT COALITION

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021

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measurement in both cases is the same to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions (that is, an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability).

In order to increase consistency and comparability in fair value measurements, a fair value hierarchy that prioritizes observable and unobservable inputs is used to measure fair value into three broad levels, as follows:

- Level 1 Inputs      Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.
- Level 2 Inputs      Inputs other than quoted prices in active markets that are observable either directly or indirectly.
- Level 3 Inputs      Unobservable inputs for the asset or liability.

When a price for an identical asset or liability is not observable, a reporting entity measures fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. Because fair value is a market-based measurement, it is measured using the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk. As a result, a reporting entity's intention to hold an asset or to settle or otherwise fulfill a liability is not relevant when measuring fair value.

### 2. LIQUIDITY AND AVAILABILITY OF RESOURCES

FAC structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Cash and equivalents of \$1,075,408 are available for use over the next 12 months.

### 3. INVESTMENTS

Investments reflect the estimated fair value of assets held and invested by Charles Schwab, for which FAC is the owner and beneficiary. During 2021 the investments were transferred from fixed income securities to Cash and Bank Sweep accounts held for long term purposes.

Investment income consists of the following:

Interest and dividends	\$        228
Realized and unrealized gain	<u>          31,629</u>
Net investment gain	<u>\$      31,857</u>

# FIRST AMENDMENT COALITION

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021

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### 4. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

Furniture and fixtures	\$ 1,173
Computers and other equipment	<u>937</u>
Total	2,110
Less accumulated depreciation	<u>(2,110)</u>
Property and equipment net	<u>\$ -</u>

### 5. NET ASSETS

FAC's unrestricted net assets are categorized as follows:

Board designated endowment fund	\$ 282,009
Undesignated	<u>1,075,408</u>
Total	<u>\$ 1,357,417</u>

FAC's endowments include funds designated by the Board of Directors to function as endowments. As required by the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Unrestricted Board designated endowments of \$282,009 as of December 31, 2021 have been established to allow for funding of general operations. Endowment investments are held in Cash and Bank Sweep accounts. FAC's Board of Directors may elect to distribute 5% of the average fund balance annually.

Changes in endowment net assets are as follows:

Endowment net assets, beginning of year	\$ 250,379
Investment return:	
Investment income and dividends	1
Realized/unrealized gain	<u>31,629</u>
Endowment net assets, end of year	<u>\$ 282,009</u>

### 6. CONCENTRATION OF CREDIT RISK

The Organization maintains its cash in bank deposit accounts that, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. Management believes the Organization is not exposed to any significant credit risk related to cash.