

**THE FIRST AMENDMENT COALITION**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

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**INDEPENDENT AUDITOR'S REPORT**

**To the Board of Directors  
The First Amendment Coalition  
San Rafael, California**

***Opinion***

We have audited the accompanying financial statements of The First Amendment Coalition, consisting of the statement of financial position as of December 31, 2023, 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 The First Amendment Coalition as of December 31, 2023, 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. 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 First Amendment Coalition 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 First Amendment Coalition's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

***Auditor's Responsibility 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 purposes of expressing an opinion on the effectiveness of The First Amendment Coalition'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 First Amendment Coalition'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 matters that we identified during the audit.



**Katz Cassidy**  
**An Accountancy Corporation**  
**Los Angeles, California**  
**July 10, 2024**

**THE FIRST AMENDMENT COALITION**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2023**

**Assets**

Cash and cash equivalents	\$ 562,209
Pledges and grants receivable, net	200,000
Investments	794,280
Prepaid expenses and deposits	13,334
Property and equipment, net	<u>3,579</u>
 Total Assets	 <u><u>\$ 1,573,402</u></u>

**Liabilities and Net Assets**

**Liabilities**

Accounts payable	\$ 9,126
Accrued liabilities	<u>35,487</u>
 Total Liabilities	 <u>44,613</u>

**Net Assets**

Without donor restrictions	1,328,789
With donor restrictions	<u>200,000</u>
 Total Net Assets	 <u>1,528,789</u>
 Total Liabilities and Net Assets	 <u><u>\$ 1,573,402</u></u>

The accompanying notes are an integral part of these financial statements.

**THE FIRST AMENDMENT COALITION**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Revenues and Other Support</b>			
Foundation grants	\$ 510,000	\$ 301,117	\$ 811,117
Contributions	494,795	-	494,795
Contributed services	487,156	-	487,156
Investment earnings	49,901	-	49,901
Membership dues	4,521	-	4,521
Other income	1,054	-	1,054
Net assets released from restriction	131,117	(131,117)	-
	1,678,544	170,000	1,848,544
<b>Total Revenues and Other Support</b>			
<b>Operating Expenses</b>			
Program services	1,398,455	-	1,398,455
General and administrative	143,304	-	143,304
Fundraising and development	193,766	-	193,766
	1,735,525	-	1,735,525
<b>Total Operating Expenses</b>			
<b>Change in Net Assets</b>	(56,981)	170,000	113,019
<b>Beginning Net Assets</b>	1,385,770	30,000	1,415,770
<b>Ending Net Assets</b>	\$ 1,328,789	\$ 200,000	\$ 1,528,789

The accompanying notes are an integral part of these financial statements.

**THE FIRST AMENDMENT COALITION**  
**STATEMENT OF FUNCTIONAL EXPENES**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	Program Services	General and Administrative	Fundraising and Development	Total
Salaries and related expenses	777,329	93,280	165,830	1,036,439
Conferences and meetings	2,732	327	583	3,642
Contracted services	51,884	6,226	11,069	69,179
Depreciation	699	83	149	931
Dues and subscriptions	-	8,261	-	8,261
Insurance	6,793	815	1,449	9,057
Legal hotline	18,000	-	-	18,000
Online services	8,345	2,078	8,064	18,487
Office expense	13,716	1,646	2,926	18,288
Program marketing and materials	8,960	-	-	8,960
Professional fees	492,673	28,509	-	521,182
Rent and facilities	13,271	1,593	2,831	17,695
Travel	4,053	486	865	5,404
	<u>777,329</u>	<u>93,280</u>	<u>165,830</u>	<u>1,036,439</u>
	<u>2,732</u>	<u>327</u>	<u>583</u>	<u>3,642</u>
	<u>51,884</u>	<u>6,226</u>	<u>11,069</u>	<u>69,179</u>
	<u>699</u>	<u>83</u>	<u>149</u>	<u>931</u>
	<u>-</u>	<u>8,261</u>	<u>-</u>	<u>8,261</u>
	<u>6,793</u>	<u>815</u>	<u>1,449</u>	<u>9,057</u>
	<u>18,000</u>	<u>-</u>	<u>-</u>	<u>18,000</u>
	<u>8,345</u>	<u>2,078</u>	<u>8,064</u>	<u>18,487</u>
	<u>13,716</u>	<u>1,646</u>	<u>2,926</u>	<u>18,288</u>
	<u>8,960</u>	<u>-</u>	<u>-</u>	<u>8,960</u>
	<u>492,673</u>	<u>28,509</u>	<u>-</u>	<u>521,182</u>
	<u>13,271</u>	<u>1,593</u>	<u>2,831</u>	<u>17,695</u>
	<u>4,053</u>	<u>486</u>	<u>865</u>	<u>5,404</u>
Total expenses	<u>\$ 1,398,455</u>	<u>\$ 143,304</u>	<u>\$ 193,766</u>	<u>\$ 1,735,525</u>

The accompanying notes are an integral part of these financial statements.

**THE FIRST AMENDMENT COALITION**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

<b>Cash Flows from Operating Activities:</b>	
Change in net assets	\$ 113,019
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Increase in:	
Prepaid expenses and deposits	(3,005)
Grants receivable	(170,000)
Accounts payable	(6,046)
Accrued and other liabilities	8,948
	(57,084)
<b>Net Cash Used in Operating Activities</b>	<b>(57,084)</b>
<b>Cash Flows from Investing Activities:</b>	
Investments in certificates of deposit, net of redemptions	(65,105)
	(65,105)
<b>Net Decrease in Cash</b>	<b>(122,189)</b>
<b>Cash and Cash Equivalents - Beginning</b>	<b>686,280</b>
	<b>686,280</b>
<b>Cash and Cash Equivalents - Ending</b>	<b>\$ 564,091</b>
	<b>564,091</b>

The accompanying notes are an integral part of these financial statements.



**THE FIRST AMENDMENT COALITION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of significant accounting policies of The First Amendment Coalition (“the Organization”) is presented to assist in understanding the Organization’s financial statements. The financial statements and notes are representations of the Organization’s management, who is responsible for their integrity and objectivity.

Organization and Activities

The First Amendment Coalition was formed in 1988 as a nonprofit public interest organization dedicated to advancing free speech and open-government rights. The Organization’s activities include providing free legal information and consultations, educational programs, public advocacy through published articles, books and public speaking, and litigation in cases against government agencies.

Basis of Financial Statements

The financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“US GAAP”).

Asset Restrictions

Net assets, revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Expenses are classified as unrestricted. Net assets without donor restrictions are those assets that are not subject to donor-imposed stipulations, including donor-restricted assets whose restrictions are met in the same reporting period, and net assets designated by the Board of Directors for specific purposes.

Net assets with donor restrictions are assets that are subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time. When a restriction is satisfied or expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. In some cases, donors may stipulate that funds be maintained in perpetuity.

Cash and Cash Equivalents

For purposes of the statement of cash flows, all checking, savings, and money market accounts used for operating purposes are included in cash and cash equivalents.

Pledges Receivable

Contributions to be received after one year are discounted at a rate commensurate with the risk involved. Amortization of the discount is recorded as additional contribution revenue and used in accordance with any applicable donor-imposed restrictions. Management provides an allowance for uncollectible contributions receivable based on factors including prior collection history and the type of contribution. No such allowance is considered necessary at December 31, 2023.

**THE FIRST AMENDMENT COALITION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Fair Value Measurement of Investments

Accounting principles generally accepted in the United States of America establish a hierarchal disclosure framework which prioritizes and ranks the level of market price observability used in measuring value. The three levels of the fair value hierarchy are described below:

Level 1: Quoted prices are available in active markets for identical investments as of the reporting date, without adjustment.

Level 2: Pricing inputs, including broker quotes, are generally those other than exchange quoted prices in active markets, which are either directly or indirectly observable as of the measurement date, and fair value is determined through the use of models or other valuation methodologies.

Level 3: Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. Investments that are included in this category generally include privately held investments and securities held in partnership or limited liability company format.

Property and Equipment

Property and equipment are stated at cost. Major purchases are capitalized, while maintenance and repairs are expensed when incurred. Depreciation has been provided for using the straight-line method over the estimated useful lives of the assets, generally five to seven years for most assets. Depreciation expense for the year ended December 31, 2023 was \$931.

Revenue Recognition

*Foundation grants and contributions:* Contributions, including grants and other unconditional promises to give, are recorded when received or pledged. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the stipulated conditions are substantially met.

*Contributed goods and services:* Contributions other than cash are recorded at their estimated fair value on the date of donation. The contribution of services is recognized if the services received create or enhance non-financial assets, or require specialized skills that would need to be purchased if not provided by donation. The Organization benefits from a large number of volunteers who donate significant amounts of their valuable time to the Organization's programs and fundraising events; however, no amount has been reflected for these types of donated services, as they do not meet the criteria outlined above.

*Membership dues and other revenue:* Dues and other revenue are recognized in the period in which they were earned.

**THE FIRST AMENDMENT COALITION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Functional Allocation of Expenses

Functional expenses have been allocated between program services and general, administrative and fundraising activities based on an analysis of direct costs, personnel time and facility space utilized for the related activities.

Income Taxes

The Organization is a nonprofit public benefit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes on related income; however, income from activities unrelated to the Organization's exempt purpose is subject to tax. The Organization did not receive any unrelated business income during the year ended December 31, 2023.

Leases

Accounting principles generally accepted in the United States of America require the recording of a right-of-use asset and a corresponding lease liability for all leases with a term of more than twelve months. The Organization has adopted a permitted practical expedient and elected not to recognize right-of-use assets and lease liabilities for all leases with a term of twelve months or less.

Concentrations of Credit Risk

The Organization maintains its cash with various recognized financial institutions insured by Federal Deposit Insurance Corporation and Securities Investor Protection Corporation up to their statutory limits. At times, account balances may exceed insured limits. The Organization has not experienced any losses on these accounts, and management believes the Organization is not exposed to any significant risk related to its cash accounts.

Use of 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 may differ from those estimates.

**2. PLEDGES AND GRANTS RECEIVABLE AND CONCENTRATIONS**

As of December 31, 2023, pledges and grants receivable consist of one grant receivable from a private foundation which is due in July 2024. No present value discount has been applied due to immateriality.

For the year ended December 31, 2023, three donors accounted for approximately 93% of total foundation grant revenue, and two donors accounted for approximately 40% of total contribution revenue.

**THE FIRST AMENDMENT COALITION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**3. INVESTMENTS**

The Organization's investments held in brokerage accounts, which are subject to fair value measurement on a recurring basis and are valued using Level 1 inputs, consist of the following as of December 31, 2023:

Fixed income securities	\$ 612,174
Exchange traded funds	<u>182,106</u>
	<u><u>\$ 794,280</u></u>

Investment income for the year ended December 31, 2023 consists of the following:

Interest and dividend income	\$ 21,479
Realized and unrealized gains on securities	<u>28,422</u>
	<u><u>\$ 49,901</u></u>

**4. PROPERTY AND EQUIPMENT**

Property and equipment consist of the following as of December 31, 2023:

Computers and other equipment	\$ 5,828
Furniture and fixtures	<u>1,173</u>
	7,001
Less accumulated depreciation	<u>(3,422)</u>
	<u><u>\$ 3,579</u></u>

**5. NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions of \$200,000 as of December 31, 2023 are restricted to activities related to supporting community-powered local journalism.

**6. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The Organization regularly monitors liquidity to meet its annual operating needs and other contractual commitments. The organization's financial assets available for general expenditures within one year of the statement of financial position date are as follows:

Cash and cash equivalents	\$ 562,209
Pledges receivable	<u>200,000</u>
	<u><u>\$ 762,209</u></u>

**THE FIRST AMENDMENT COALITION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**7. RETIREMENT PLAN**

The Organization has established a salary deferral plan as provided by §401(k) of the Internal Revenue Code. Eligible employees may elect to defer a portion of their compensation, subject to Internal Revenue Code limitations. The Organization's discretionary contribution for the year ended December 31, 2023 was \$39,519.

**8. COMMITMENTS**

The Organization leases its office facilities under a non-cancelable lease expiring in April 2024. The lease contains no options to renew. Monthly rent payments are \$1,405 and the total future commitment is \$5,620 which is all to be paid in the year ending December 31, 2024. Rent expense for the year ended December 31, 2023 was \$16,752. The lease had an initial term of twelve months and as such is covered by the practical expedient allowing the Organization to exclude reporting of a right-of-use asset and lease liability.

**9. EFFECT OF CURRENT ECONOMIC CONDITIONS ON CONTRIBUTIONS**

The Organization depends largely on grants and donations for its revenue. The ability of the Organization's grantors and donors to continue giving amounts comparable with prior years may be dependent upon current and future economic conditions and the continued deductibility for income tax purposes of contributions and grants to the Organization. While management believes the Organization has the resources to continue its programs, its ability to do so may be dependent on the above factors.

**10. SUBSEQUENT EVENTS**

Management has evaluated subsequent events through July 10, 2024, the date on which the financial statements were available to be issued.