

THE FIRST AMENDMENT COALITION
FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

CONTENTS

	<u>Page</u>
Independent Auditor's Report	1 - 2
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7 - 13

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 statements of financial position as of December 31, 2024 and 2023, and the related statements of activities, functional expenses and cash flows for the years 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, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 audits. 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
August 26, 2025

THE FIRST AMENDMENT COALITION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
Assets		
Cash and cash equivalents	\$ 1,068,720	\$ 562,209
Pledges and grants receivable, net	320,648	200,000
Investments	213,122	794,280
Prepaid expenses and deposits	25,317	13,334
Property and equipment, net	2,601	3,579
Intangible assets, net of accumulated amortization of \$1,100 and \$0, respectively	<u>15,400</u>	<u>-</u>
Total Assets	<u><u>\$ 1,645,808</u></u>	<u><u>\$ 1,573,402</u></u>
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 15,332	\$ 9,126
Accrued liabilities	<u>39,865</u>	<u>35,487</u>
Total Liabilities	<u>55,197</u>	<u>44,613</u>
Net Assets		
Without donor restrictions	1,250,940	1,328,789
With donor restrictions	<u>339,671</u>	<u>200,000</u>
Total Net Assets	<u>1,590,611</u>	<u>1,528,789</u>
Total Liabilities and Net Assets	<u><u>\$ 1,645,808</u></u>	<u><u>\$ 1,573,402</u></u>

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

THE FIRST AMENDMENT COALITION
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2024
(With Summarized Totals for the Year Ended December 31, 2023)

	2024			2023
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenues and Other Support				
Contributions	\$ 756,334	\$ -	\$ 756,334	\$ 494,795
Foundation grants	299,012	339,671	638,683	811,117
Contributed services	579,530	-	579,530	487,156
Investment earnings	76,275	-	76,275	49,901
Other income	1,819	-	1,819	1,054
Membership dues	-	-	-	4,521
Net assets released from restriction	200,000	(200,000)	-	-
Total Revenues and Other Support	1,912,970	139,671	2,052,641	1,848,544
Operating Expenses				
Program services	1,418,725	-	1,418,725	1,398,455
General and administrative	248,414	-	248,414	143,304
Fundraising and development	323,680	-	323,680	193,766
Total Operating Expenses	1,990,819	-	1,990,819	1,735,525
Change in Net Assets	(77,849)	139,671	61,822	113,019
Beginning Net Assets	1,328,789	200,000	1,528,789	1,415,770
Ending Net Assets	<u>\$ 1,250,940</u>	<u>\$ 339,671</u>	<u>\$ 1,590,611</u>	<u>\$ 1,528,789</u>

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

THE FIRST AMENDMENT COALITION
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024
(With Summarized Totals for the Year Ended December 31, 2023)

	2024				2023
	Program Services	General and Administrative	Fundraising and Development	Total	Total
Salaries and related expenses	617,224	209,415	275,547	1,102,186	1,036,439
Conferences and meetings	2,932	352	626	3,910	3,642
Contracted services	89,269	10,712	19,044	119,025	69,179
Depreciation and amortization	1,559	187	332	2,078	931
Dues and subscriptions	-	8,507	-	8,507	8,261
Insurance	6,784	814	1,447	9,045	9,057
Legal hotline	-	-	-	-	18,000
Online services	11,820	8,569	9,160	29,549	18,487
Office expense	16,746	2,010	3,573	22,329	18,288
Professional fees	634,689	5,069	9,011	648,769	521,182
Program marketing and materials	14,543	-	-	14,543	8,960
Rent and facilities	13,470	1,616	2,874	17,960	17,695
Travel	9,689	1,163	2,066	12,918	5,404
Total expenses	<u>\$ 1,418,725</u>	<u>\$ 248,414</u>	<u>\$ 323,680</u>	<u>\$ 1,990,819</u>	<u>\$ 1,735,525</u>

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

THE FIRST AMENDMENT COALITION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ 61,822	\$ 113,019
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization expense	2,078	931
Increase in:		
Prepaid expenses and deposits	(11,983)	(3,005)
Pledges and grants receivable	(120,648)	(170,000)
Increase (decrease) in:		
Accounts payable	6,206	(6,046)
Accrued and other liabilities	4,378	8,948
Net Cash Used in Operating Activities	<u>(58,147)</u>	<u>(56,153)</u>
Cash Flows from Investing Activities:		
Investments in certificates of deposit, net of redemptions	581,158	(65,105)
Purchases of property and equipment	-	(2,813)
Acquisition of intangible assets	(16,500)	-
Net Cash Provided by (Used in) Investing Activities	<u>564,658</u>	<u>(67,918)</u>
Net Increase (Decrease) in Cash	506,511	(124,071)
Cash and Cash Equivalents - Beginning	<u>562,209</u>	<u>686,280</u>
Cash and Cash Equivalents - Ending	<u><u>\$ 1,068,720</u></u>	<u><u>\$ 562,209</u></u>

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

THE FIRST AMENDMENT COALITION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 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”).

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.

Grants and 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 as of December 31, 2024 or 2023.

Fair Value Measurement of Investments

Accounting principles generally accepted in the United States of America establish a hierarchical 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.

THE FIRST AMENDMENT COALITION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurement of Investments (Continued)

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 and Intangible Assets

Property and equipment and intangible assets, consisting of website costs, are stated at cost. Major purchases are capitalized, while maintenance and repairs are expensed when incurred. Depreciation and amortization have 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 and amortization expense for the years ended December 31, 2024 and 2023 was \$2,078 and \$931, respectively.

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.

Revenue Recognition (Continued)

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.

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.

THE FIRST AMENDMENT COALITION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 years ended December 31, 2024 or 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, 2024 and 2023, pledges and grants receivable consist of the following:

	2024	2023
Amounts due in years after statement of financial position date:		
One year	\$ 181,965	\$ 200,000
Two years	150,000	-
	331,965	200,000
Less present value discount	(11,317)	-
	<u>\$ 320,648</u>	<u>\$ 200,000</u>

As of December 31, 2024, two donors account for 90% of pledges and grants receivable. As of December 31, 2023, one donor accounts for 100% of pledges and grants receivable.

THE FIRST AMENDMENT COALITION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

2. PLEDGES AND GRANTS RECEIVABLE AND CONCENTRATIONS (Continued)

For the year ended December 31, 2024, two donors accounted for approximately 92% of total foundation grant revenue, and one donor accounted for approximately 13% of total contribution revenue. 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.

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, 2024 and 2023:

	2024	2023
Exchange traded funds	\$ 213,122	\$ 186,106
Fixed income securities	-	612,174
	<u>\$ 213,122</u>	<u>\$ 798,280</u>

Investment income for the years ended December 31, 2024 and 2023 consists of the following:

	2024	2023
Interest and dividend income	\$ 41,507	\$ 21,479
Realized and unrealized gains on securities	34,768	28,422
	<u>\$ 76,275</u>	<u>\$ 49,901</u>

4. PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of December 31, 2024 and 2023:

	2024	2023
Computers and other equipment	\$ 4,892	\$ 5,829
Furniture and fixtures	1,173	1,173
	6,065	7,002
Less accumulated depreciation	<u>(3,464)</u>	<u>(3,423)</u>
	<u>\$ 2,601</u>	<u>\$ 3,579</u>

THE FIRST AMENDMENT COALITION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

5. ENDOWMENT AND NET ASSETS WITH DONOR 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.

The Organization classifies the following as net assets with donor restrictions that are perpetual in nature: (a) the original value of gifts donated to the permanent endowment, (b) accumulated unrealized appreciation and depreciation of endowment investments if directed by the donor gift instrument, (c) the original value of subsequent gifts to the permanent endowments, and (d) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

Net assets with donor restrictions are available for the following purposes as of December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Time restriction:		
General operations	\$ 288,683	\$ -
Purpose restriction:		
Community-powered local journalism	-	200,000
Perpetual in nature	<u>50,988</u>	<u>-</u>
	<u><u>\$ 339,671</u></u>	<u><u>\$ 200,000</u></u>

As of December 31, 2024, net assets with donor restrictions that are perpetual in nature consist of one endowment fund which is to be invested in perpetuity to provide long-term financial support. Interest and dividends are to be used for operating or other purposes as designated by the Board of Directors.

The endowment investment policy, approved by the Board of Directors in May 2025, emphasizes preservation of capital as its primary objective and growth and income as secondary objectives. As such, the overall investment objectives are to maximize returns without exposure to undue risk. The assets for the endowment may be invested in a mix of equity, fixed income, and alternative investment funds.

It is the policy of the Board to review fund performance and organizational funding needs annually for the purposes of determining whether any changes to investment objectives, asset allocation, or disbursements are needed.

THE FIRST AMENDMENT COALITION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

5. ENDOWMENT AND NET ASSETS WITH DONOR RESTRICTIONS (Continued)

The changes in permanently restricted endowment net assets for the years ended December 31, 2024 and 2023 are as follows:

	2024	2023
Endowment net assets, beginning	\$ -	\$ -
Contributions	50,988	-
	<u>\$ 50,988</u>	<u>\$ -</u>

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:

	2024	2023
Cash and cash equivalents	\$ 1,068,720	\$ 562,209
Pledges and grants receivable	320,648	200,000
Investments	213,122	794,280
	<u>1,602,490</u>	<u>1,556,489</u>
Less:		
Permanent endowment	(50,988)	-
Donor restricted for future periods (excluding subsequent years' portion)	(138,683)	-
	<u>\$ 1,412,819</u>	<u>\$ 1,556,489</u>

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 years ended December 31, 2024 and 2023 was \$42,862 and \$39,519, respectively.

THE FIRST AMENDMENT COALITION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

8. COMMITMENTS

The Organization leases its office facilities under a non-cancelable lease expiring in April 2025. 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, 2025. Rent expense for the years ended December 31, 2024 and 2023 was \$16,860 each year. 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 August 26, 2025, the date on which the financial statements were available to be issued.

In May 2025, the Board approved an endowment investment policy (Note 5).