



THE CAMPAIGN LEGAL CENTER, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2023

THE CAMPAIGN LEGAL CENTER, INC.

TABLE OF CONTENTS
DECEMBER 31, 2023

	<u>Pages</u>
Independent Auditor's Report	3-4
Financial Statements	
Statement of Financial Position	5
Statement of Activities	6
Statement of Functional Expenses	7
Statement of Cash Flows	8
Notes to Financial Statements	9-18

Independent Auditor's Report

Board of Trustees
The Campaign Legal Center, Inc.
Washington, D.C.

Opinion

We have audited the accompanying financial statements of The Campaign Legal Center, Inc. (a nonprofit organization) which comprise 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 Campaign Legal Center, Inc. as of December 31, 2023, 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 The Campaign Legal Center, Inc. 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 Campaign Legal Center, Inc.'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 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.

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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 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 The Campaign Legal Center Inc.'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 Campaign Legal Center Inc.'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.

Councilor, Buchanan + Mitchell, P.C.

Bethesda, Maryland
August 13, 2024

Certified Public Accountants

THE CAMPAIGN LEGAL CENTER, INC.

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2023

Assets	
Current Assets	
Cash and Cash Equivalents	\$ 31,084,276
Investments	2,333,810
Pledges Receivable	9,139,024
Accounts Receivable	50,000
Due from Campaign Legal Center Action	93,562
Prepaid Expenses	<u>173,336</u>
Total Current Assets	42,874,008
Pledges Receivable, Net of Current Portion	972,400
Operating Right-of-Use Asset	1,190,395
Property and Equipment, Net	692,575
Security Deposit	<u>87,874</u>
Total Assets	<u><u>\$ 45,817,252</u></u>
Liabilities and Net Assets	
Current Liabilities	
Accounts Payable and Accrued Expenses	\$ 710,484
Grants Payable	51,000
Operating Lease Liability	<u>574,119</u>
Total Current Liabilities	1,335,603
Operating Lease Liability, Net of Current Portion	<u>1,112,780</u>
Total Liabilities	2,448,383
Net Assets	
Without Donor Restrictions	
Undesignated	5,260,486
Board Designated for Reserve Fund	13,350,000
Board Designated Separate Account	2,500,000
Board Designated for President's Emergent Threat Fund	<u>2,000,000</u>
Total Net Assets Without Donor Restrictions	23,110,486
With Donor Restrictions	<u>20,258,383</u>
Total Net Assets	<u>43,368,869</u>
Total Liabilities and Net Assets	<u><u>\$ 45,817,252</u></u>

See accompanying Notes to Financial Statements.

THE CAMPAIGN LEGAL CENTER, INC.

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

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue			
Contributions and Grants	\$ 4,647,782	\$ 14,652,895	\$ 19,300,677
Donated Services	113,892	-	113,892
Reimbursed Legal Fees	875,807	-	875,807
Service Revenue	50,000	-	50,000
Net Investment Income	1,522,199	-	1,522,199
Other	7,217	-	7,217
Net Assets Released from Restrictions	<u>8,885,441</u>	<u>(8,885,441)</u>	<u>-</u>
Total Revenue	16,102,338	5,767,454	21,869,792
Expenses			
Program	13,129,972	-	13,129,972
Administrative	3,133,647	-	3,133,647
Fundraising	<u>1,575,612</u>	<u>-</u>	<u>1,575,612</u>
Total Expenses	<u>17,839,231</u>	<u>-</u>	<u>17,839,231</u>
Change in Net Assets	(1,736,893)	5,767,454	4,030,561
Net Assets, Beginning of Year	<u>24,847,379</u>	<u>14,490,929</u>	<u>39,338,308</u>
Net Assets, End of Year	<u><u>\$ 23,110,486</u></u>	<u><u>\$ 20,258,383</u></u>	<u><u>\$ 43,368,869</u></u>

See accompanying Notes to Financial Statements.

THE CAMPAIGN LEGAL CENTER, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023

	Voting Rights	Ethics	Redistricting	Campaign Finance	Communications	Policy	Other Programs	Total Program Services	Administrative	Fundraising	Total
Expenses											
Salaries and Benefits	\$ 2,251,037	\$ 691,972	\$ 1,143,585	\$ 1,953,959	\$ 1,302,991	\$ 776,002	\$ 795,064	\$ 8,914,610	\$ 2,004,668	\$ 1,076,460	\$ 11,995,738
Professional Fees	138,871	-	2,000	2,017	843,885	229,440	1,009	1,217,222	512,772	308,639	2,038,633
Litigation Expenses	251,651	469	351,368	4,807	-	-	270	608,565	-	-	608,565
Conferences and Meetings	-	275	-	-	2,085	6,237	-	8,597	11,720	1,392	21,709
Depreciation and Amortization	-	-	-	-	-	-	-	-	293,477	-	293,477
Insurance	-	-	-	-	-	-	-	-	144,940	-	144,940
Operating Lease Expense	-	-	-	-	-	-	-	-	431,560	-	431,560
Other Occupancy Costs	-	-	-	-	-	-	-	-	17,820	-	17,820
Office Expense	13,954	1,492	10,141	3,975	23,631	3,375	3,375	59,943	280,881	18,137	358,961
Telecommunications	-	-	-	-	-	-	6,449	6,449	33,341	-	39,790
Travel	149,543	10,281	118,223	28,428	20,694	18,143	29,684	374,996	10,062	52,185	437,243
Miscellaneous	150	-	-	-	53	125	-	328	5,950	-	6,278
Grants to Other Organizations	228,533	-	-	-	-	455,961	-	684,494	-	-	684,494
Digital Expenses	62,704	-	1,003	160,132	141,781	-	-	365,620	-	7,822	373,442
Research Services	67,826	24,296	55,041	64,246	25,111	18,741	13,257	268,518	81,974	36,089	386,581
Shared Cost Allocation	156,439	48,137	79,415	135,916	90,648	53,986	56,089	620,630	(695,518)	74,888	-
Total Expenses	\$ 3,320,708	\$ 776,922	\$ 1,760,776	\$ 2,353,480	\$ 2,450,879	\$ 1,562,010	\$ 905,197	\$ 13,129,972	\$ 3,133,647	\$ 1,575,612	\$ 17,839,231

See accompanying Notes to Financial Statements.

THE CAMPAIGN LEGAL CENTER, INC.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023

Cash Flows from Operating Activities

Change in Net Assets	\$ 4,030,561
Adjustments to Reconcile Change in Net Assets to	
Net Cash Provided by Operating Activities	
Net Gain on Investments	(278,810)
Depreciation and Amortization	293,477
Operating Lease Expense	431,560
<u>(Increase) Decrease in Assets</u>	
Pledges Receivable	(379,429)
Accounts Receivable	(2,500)
Due from Campaign Legal Center Action	(33,061)
Prepaid Expenses	(48,063)
Other Current Assets	170
<u>Increase (Decrease) in Liabilities</u>	
Accounts Payable and Accrued Expenses	145,787
Grants Payable	51,000
Operating Lease Liability	<u>(578,489)</u>
Net Cash Provided by Operating Activities	3,632,203

Cash Flows from Investing Activities

Purchases of Investments	(1,818,443)
Redemptions of Promissory Notes Receivable	2,000,000
Purchases of Property and Equipment	<u>(154,561)</u>
Net Cash Provided by Investing Activities	<u>26,996</u>

Net Increase in Cash and Cash Equivalents	3,659,199
Cash and Cash Equivalents, Beginning of Year	<u>27,425,077</u>

Cash and Cash Equivalents, End of Year	<u><u>\$ 31,084,276</u></u>
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See accompanying Notes to Financial Statements.

THE CAMPAIGN LEGAL CENTER, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Campaign Legal Center, Inc. (CLC) is a District of Columbia nonprofit corporation. CLC works as a nonpartisan organization to protect and strengthen the democratic process across all levels of government through litigation and advocacy.

CLC is supported primarily by contributions and grants.

The major programs of CLC are as follows:

Voting Rights: Voting should be accessible for all citizens, no matter where they live, the color of their skin or how much money they make. To make every vote count, we need a system that is free and fair to ensure that everyone's voice is heard, including those who have had contact with the criminal legal system. CLC believes that state and federal policies should uniformly protect the right to vote and promote voter participation across the United States. This CLC program, through litigation, policy analysis, state-based and federal advocacy, and public education, seeks to protect the right to vote and expand access to the ballot.

Ethics: One of the hallmarks of a healthy democracy is public confidence in the integrity of democratic institutions. That public confidence is earned through the commitment of those in and working with government to uphold the principle that public service is a public trust. Federal, state, and local governments have a responsibility to enact and enforce clear ethical guidelines and laws. Only then, can public officials adequately navigate potential conflicts and be held accountable when they break the public's trust. This system is necessary to ensure a healthy democracy. This CLC program proposes solutions for stronger ethics at all levels of government, and serves as a government watchdog, holding elected officials accountable for ethics violations.

Redistricting: Democracy works best when our voting maps are fairly drawn on a nonpartisan basis to ensure that Americans can participate equally in the election of their representatives. Unfortunately, incumbents often rig the system to benefit themselves, their party, and special interest supporters, manipulating voting maps to dictate the outcome of elections. Two sources of discrimination in voting maps are partisan gerrymandering and electoral systems that underrepresent people of color. The result is dysfunction, mistrust, and public policies that ignore the will of the people. This CLC program advances and supports legal cases that address redistricting violations, works on the front lines in the fight for fair redistricting practices in the states, and continues to promote voters' rights to fair districts nationwide.

Campaign Finance: The First Amendment guarantees every American the right to participate fully in the political process. The dependence of political candidates on wealthy special interests is a serious flaw in our political system and makes elected officials responsive to their large donors rather than to the public. The tremendous power of special interest money in politics often drowns out the voice of everyday Americans, threatens our First Amendment freedoms, and erodes the foundations of our entire democracy. To restore fairness to our political system, this CLC program advocates for passing and enforcing strong campaign finance reforms that help guarantee a democracy that is both representative of and responsive to the people. These reform solutions include placing reasonable limits on funding of campaigns, complete transparency of campaign spending and public financing of elections.

THE CAMPAIGN LEGAL CENTER, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Campaign Finance (Continued): CLC helps enact such policies at the state, local, and federal levels, and works to ensure that the Federal Election Commission enforces current campaign finance laws. CLC also defends laws that promote the First Amendment's guarantee that every American has the ability to participate in the democratic process.

Policy: CLC's policy program works to advance pro-democracy, pro-voter laws and the federal, state and local levels. CLC brings decades of policy and legal expertise to our work with government officials, civic organizations and grassroots advocates. CLC is engaged through the entire life cycle of the law: developing policy, drafting legislation and ballot initiatives, and ensuring effective implementation through administrative advocacy. The policy program works across CLC program teams to develop strategic advocacy strategies and effective partnerships. In advance of the 2024 presidential election, the policy program is focused on preventing the threats of election sabotage. This includes identifying strategic opportunities to shore up gaps in election procedures through legislative and administrative advocacy, and developing robust coalitions to respond to attempts to manipulate processes.

Communications: CLC's communication program supports the overall mission of CLC and utilizes strategies to leverage and brand CLC as a thought leader, educator, and advocate. The communication program works across CLC program teams to create and disseminate content, build program audiences, and seek partnership and collaboration on important public conversations. This includes supporting Campaign Legal Conversations, which explores complicated issues in democracy, sharing stories of voters who have faced barriers to participating in the political process, and educating press, partners, and donors about CLC's litigation efforts.

Basis of Accounting

The financial statements are presented in accordance with accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents

CLC considers all highly liquid debt instruments with initial maturities of ninety days or less to be cash equivalents.

Investments

CLC's investments are stated at fair market value. The valuation of marketable securities is based upon quotations obtained from national securities exchanges. The bank issued certificates of deposit are stated at cost plus accrued interest, which approximates market value. Upon maturity, the funds are automatically reinvested in certificates of deposit with similar interest rates and maturities.

Pledges Receivable

Pledges expected to be collected within one year are recorded at net realizable value. Pledges expected to be collected in future years are recorded at the present value of their estimated future cash flows, using a rate established at the time of donation by management, if such discount is material.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pledges Receivable (Continued)

Present value discounts are amortized over the life of the pledge. CLC reviews the collectability of the receivables on a regular basis. Management considers all pledges receivable to be fully collectible, and accordingly, does not believe any allowance for uncollectible pledges is necessary as of December 31, 2023.

Accounts Receivable

Accounts receivable consist of amounts due within one year related to service revenue. Accounts receivable amounts are presented in the statement of financial position at the net amount expected to be collected. CLC uses the loss-rate method to estimate expected credit losses based on historical experience, current conditions, and reasonable and supportable forecasts about collectability. Historical credit loss experience provides the basis for the estimation of expected credit losses and adjustments are made for differences in current and forecasted risk characteristics and economic conditions. However, CLC has historically had insignificant write-offs due to bad debts. Therefore, management has determined that no allowance for credit losses is necessary as of December 31, 2023.

Property and Equipment

CLC capitalizes all property and equipment acquisitions greater than \$2,000. Property and equipment are recorded at cost, if purchased, or at fair market value, if donated. Depreciation and amortization is computed using the straight-line method over the estimated useful life of the asset. Leasehold improvements are amortized using the straight-line method over the shorter of the estimated lives of the related assets or the remaining lease term and is limited by the expected lease term unless there is a transfer of title or purchase option reasonably certain of exercise. Maintenance and repairs are charged to expense when incurred.

CLC capitalizes costs for website development incurred during the application development stage. Costs related to preliminary project activities and post implementation activities are expensed as incurred. Internal and external costs, if direct and incremental, are capitalized until the website is substantially complete and ready for its intended use.

Right-of-Use Assets and Lease Liabilities

The determination of whether an arrangement is a lease is made at the lease's inception. Under the Financial Accounting Standards Board's (FASB) Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed.

Lease liabilities are initially measured at the present value of minimum lease payments using a risk-free rate that approximates the remaining term of the lease. The right-of-use asset is the lease liability adjusted for other lease-related accounts.

THE CAMPAIGN LEGAL CENTER, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Right-of-Use Assets and Lease Liabilities (Continued)

Management considers the likelihood of exercising renewal or termination clauses (if any) in measuring CLC's right-of-use assets and lease liabilities. Operating lease expense is allocated over the remaining lease term on a straight-line basis.

CLC considers leases with initial terms of twelve months or less, and no option to purchase the underlying asset, to be short-term leases. Accordingly, short-term lease costs are expensed over the remaining lease term, with no corresponding right-of-use asset or lease liability. In addition, CLC does not separate non-lease components from lease components (if any) when determining the payments for leases of office equipment.

Basis of Presentation

Net assets and revenues are classified based on the existence or absence of donor-imposed restrictions and reported as follows:

Net Assets Without Donor Restrictions - net assets that are not subject to donor-imposed purpose or time restrictions.

Net Assets With Donor Restrictions - net assets subject to donor-imposed stipulations that will be met either by actions of CLC and/or the passage of time. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Revenue Recognition

Unconditional contributions and grants are recorded as with donor restrictions or without donor restrictions depending on existence and/or the nature of any donor restrictions, when pledged.

Conditional contributions and grants are reported as refundable advances until the conditions have been substantially met or explicitly waived by the donor. Revenue is recognized on the date the conditions are met.

Service revenue is primarily related to legal advice and services on election-related legislation and policy, as contracted. Service revenue is recognized over time as services are provided. Any amounts due but not yet received are included in accounts receivable. The beginning balance of accounts receivable as of January 1, 2023, was \$47,500.

Reimbursed legal fees are recognized once the court has approved the settlement and CLC has received the reimbursement.

Use of Estimates

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

THE CAMPAIGN LEGAL CENTER, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. These expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and benefits, occupancy, insurance, and other general expenses, which are allocated on the basis of estimates of time and effort by employees. Expenses directly identifiable to programs and supporting activities are presented accordingly.

Income Taxes

CLC is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and is classified as an organization that is not a private foundation.

CLC requires that a tax position be recognized or derecognized based on a “more-likely-than-not” threshold. This applies to positions taken or expected to be taken in a tax return. CLC does not believe its financial statements include, or reflect, any uncertain tax positions. CLC’s IRS Form 990, *Return of Organization Exempt from Income Tax*, is subject to examination generally for three years after filing.

Donated Services

Donated services are recognized as contributions, at fair value, if the services (a) create nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by CLC.

2. ADOPTION OF ACCOUNTING STANDARDS CODIFICATION TOPIC 326

During the year ended December 31, 2023, CLC adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. ASU 2016-13 revises the accounting requirements related to the measurement of credit losses and requires organizations to measure all expected credit losses for financial assets based on historical experience, current conditions, and reasonable and supportable forecasts about collectability. Assets must be presented in the financial statements at the net amount expected to be collected. All assets that fall within the scope of ASU 2016-13 were evaluated to determine if the measurement of expected credit losses is material. CLC adopted ASU 2016-13 and the effect of the adoption was not material to the financial statements.

3. LIQUIDITY AND AVAILABLE RESOURCES

CLC’s liquidity policy requires CLC to maintain sufficient liquid financial assets in order to meet general expenditures and obligations as they become due, specifically to maintain cash and cash equivalents equal to at least six months of routine operating expenditures. Management periodically reviews CLC’s liquid asset needs and adjusts reserves as needed.

THE CAMPAIGN LEGAL CENTER, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

3. LIQUIDITY AND AVAILABLE RESOURCES (CONTINUED)

Management may use the Board Designated Reserve and the Board Designated Separate Account only with approval from CLC's Board of Trustees. CLC's President manages the Board Designated President's Emergent Threat Fund and may use funds without Board approval. The Board Designated Reserve, the Board Designated Separate Account, and Board Designated President's Emergent Threat Fund are included in cash and cash equivalents on the statement of financial position.

As of December 31, 2023, the following financial assets and liquidity sources were available for general operating expenditures in the year ending December 31, 2024:

Financial Assets	Amount
Cash and Cash Equivalents	\$ 31,084,276
Investments	2,333,810
Accounts Receivable Due in Less Than One Year	50,000
Due from Campaign Legal Center Action	93,562
Pledges Receivable Due in Less Than One Year	<u>9,139,024</u>
Total Financial Assets Available within One Year	42,700,672
Less Donor Restricted for Purpose or General Expenditures Beyond One Year	(8,602,438)
Less Board Designated for Reserve Fund	(13,350,000)
Less Board Designated Separate Account	(2,500,000)
Less Board Designated for President's Emergent Threat Fund	<u>(2,000,000)</u>
Financial Assets Available to Meet Cash Needs for General Expenditure within One Year	<u>\$ 16,248,234</u>

4. INVESTMENTS

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels as follows:

Level 1 - inputs to the valuation methodology are quoted prices (unadjusted) 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 other than quoted prices, either directly or indirectly, including inputs in markets that are not considered to be active;

Level 3 - inputs to the valuation methodology are unobservable and significant to the fair value measurement. The inputs to the determination of fair value require significant management judgment.

Certificates of deposit recorded at cost plus accrued interest are not required to be classified in one of the levels prescribed by the fair value hierarchy. For consistency of totals reported on previous pages, the balance of the certificates of deposit has been included on the line of certificates of deposit as follows.

THE CAMPAIGN LEGAL CENTER, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

4. INVESTMENTS (CONTINUED)

The following presents CLC's assets measured at fair value on a recurring basis as of December 31, 2023.

	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Vanguard Total International Stock ETF	\$ 385,942	\$ 385,942	\$ -	\$ -
Vanguard Total Stock Market ETF	1,707,822	1,707,822	-	-
Total Investments at Fair Value	2,093,764	<u>\$ 2,093,764</u>	<u>\$ -</u>	<u>\$ -</u>
Certificates of Deposit	240,046			
Total Investments	<u>\$ 2,333,810</u>			

5. PLEDGES RECEIVABLE

Pledges receivable consisted of the following as of December 31, 2023:

Description	Amount
Pledges Receivable Due in Less Than One Year	\$ 9,139,024
Pledges Receivable Due in One to Five Years	<u>1,044,101</u>
Total Pledges Receivable	10,183,125
Less Discount to Net Present Value	<u>(71,701)</u>
Total Pledges Receivable	<u>\$ 10,111,424</u>

Pledges receivable have been discounted using a discount rate of 3.84% to 4.79%.

6. PROPERTY AND EQUIPMENT

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

Description	Amount
Computer Equipment	\$ 439,181
Furniture and Equipment	377,079
Website	451,379
Leasehold Improvements	<u>784,914</u>
Total	2,052,553
Less Accumulated Depreciation and Amortization	<u>(1,359,978)</u>
Property and Equipment, Net	<u>\$ 692,575</u>

THE CAMPAIGN LEGAL CENTER, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

7. NET ASSETS WITH DONOR RESTRICTIONS

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

Description	Amount
Campaign Finance	\$ 19,393
Voting Rights	664,502
Redistricting	161,061
Personnel	141,132
Anti-Sabotage Project	6,265,944
Charles Fried Fellowship	392,717
Subsequent Years' Activities	12,613,634
Donor Restricted Net Assets	<u>\$ 20,258,383</u>

Net assets with donor restrictions were released from donor restrictions during the year ended December 31, 2023, by satisfying restrictions as follows:

Description	Amount
Campaign Finance	\$ 9,861
Voting Rights	554,811
Redistricting	134,772
Personnel	185,110
Anti-Sabotage Project	3,208,553
Subsequent Years' Activities	4,792,334
Net Assets Released from Restrictions	<u>\$ 8,885,441</u>

8. CONCENTRATIONS

As of December 31, 2023, approximately 67% of pledges receivable was due from two donors. For the year ended December 31, 2023, approximately 36% of contributions and grants revenue was received from one grantor.

CLC maintains cash balances at financial institutions. The accounts at these institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. At times during the year, CLC's cash balances exceeded the FDIC insurance limits. Management believes the risk in these situations to be minimal.

9. OPERATING LEASE

CLC is obligated under an operating lease for office space through October 2026. The lease includes six months of rent abatement. Under the terms of the lease, the base lease payment increases annually based on scheduled increases provided for in the lease plus the pass-through of increases in operating expenses and real estate taxes. CLC received lease incentives totaling approximately \$785,000. The lease does not contain an option to extend the lease term or terminate early.

Under accounting principles generally accepted in the United States of America (GAAP), operating lease expense is recognized on a straight-line basis over the remaining lease term. CLC had no variable or short-term lease expense in 2023.

THE CAMPAIGN LEGAL CENTER, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

9. OPERATING LEASE (CONTINUED)

Maturity of the operating lease liability as of December 31, 2023, is as follows:

<u>For the Years Ending December 31,</u>	<u>Amount</u>
2024	\$ 592,975
2025	607,782
2026	518,497
Total Undiscounted Minimum Lease Payments	1,719,254
Less Discount to Present Value	(32,355)
Total Operating Lease Liability	<u>\$ 1,686,899</u>

The supplementary qualitative operating lease information is as follows:

<u>Supplementary Qualitative Operating Lease Information</u>	<u>Amount</u>
Weighted-Average Remaining Lease Term (Years)	2.83
Weighted-Average Discount Rate	1.37%

10. RETIREMENT PLAN

CLC maintains a 401(k) plan (the Plan) that covers all employees who meet certain age and service requirements. Employees are eligible for discretionary profit-sharing contributions after completing one year of eligibility and being employed on the last day of the year. Employees are eligible for 100% matching contributions of their elective deferrals up to 6% of compensation. There is no service requirement for elective deferrals and matching contributions. During the year ended December 31, 2023, CLC's contributions to the Plan were approximately \$518,300.

11. DONATED SERVICES

During the year ended December 31, 2023, CLC was the beneficiary of professional services. The donated professional services were valued based on current market rates for such services. The value approximated \$113,900 for the year ended December 31, 2023, and was included in communications expenses in the statement of functional expenses. All donated services received by CLC were considered without donor restrictions and able to be used by CLC as determined by the Board of Directors and management.

12. RELATED PARTY TRANSACTIONS

CLC has a cost-sharing agreement with Campaign Legal Center Action (Action) a nonprofit organization exempt under Section 501(c)(4) of the Internal Revenue Code. The agreement covers personnel costs, rent, and other overhead costs. During the year ended December 31, 2023, Action incurred costs under the cost-sharing agreement of approximately \$470,600.

13. RESPONSE TO COVID-19

The Employee Retention Credit (ERC) was created as part of the CARES Act in response to COVID-19 and provides employers a refundable tax credit against certain employment taxes after March 12, 2020. The Taxpayer Certainty and Disaster Tax Relief Act of 2020 extended the ERC through September 30, 2021.

THE CAMPAIGN LEGAL CENTER, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

13. RESPONSE TO COVID-19 (CONTINUED)

CLC applied for the ERC retroactively for the first three quarters of 2021. The conditional contribution related to the ERC is estimated to be approximately \$1,333,000. However, CLC has not received confirmation from the Internal Revenue Service, therefore the ERC has not been reflected in the financial statements.

14. SUBSEQUENT EVENTS

Subsequent events were evaluated through August 13, 2024, which is the date the financial statements were available to be issued.

In June of 2024, CLC engaged in arm's length negotiations concerning the return of funds previously contributed to CLC. Under the terms of the agreement, CLC transferred \$600,000 to the debtors under a chapter 11 bankruptcy case.