



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Christian Legal Society

We have audited the accompanying Financial Statements of Christian Legal Society (a nonprofit organization), which comprise the Statement of Financial Position as of December 31, 2019 and 2018, and the related Statements of Activities, Functional Expenses and Cash Flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Christian Legal Society as of December 31, 2019 and 2018, 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.

Manassas, VA
November 13, 2020

Christian Legal Society
Statement of Financial Position
At December 31, 2019 and 2018

	2019	2018
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 961,709	\$ 1,125,001
Accounts and Grants Receivable	17,753	28,081
Pledges Receivable, net	679,789	379,332
Prepaid expenses and other current assets	30,937	66,666
Total Current Assets	1,690,188	1,599,080
Property and Equipment, Net	22,891	31,056
Other Assets	8,138	8,138
Total Assets	\$ 1,721,217	\$ 1,638,274
Liabilities and Net Assets		
Current Liabilities		
Credit Card Payable/Line of Credit	\$ -	\$ 561
Accrued Payroll Liabilities	39,704	34,003
Accrued Vacation Expense	10,181	11,435
Deferred Rent Discount	-	3,044
Current portion of Long-Term Debt	5,133	4,614
Deferred Revenue	5,110	24,315
Total Current Liabilities	60,128	77,972
Long-Term Liabilities		
Lease Payable	-	5,133
Total Long-Term Liabilities	-	5,133
Total Liabilities	60,128	83,105
Net Assets		
Without Donor Restrictions	948,010	792,905
With Donor Restrictions	713,079	762,264
Total Net Assets	1,661,089	1,555,169
Total Liabilities and Net Assets	\$ 1,721,217	\$ 1,638,274

Christian Legal Society
Statement of Activities
For the Years Ended December 31, 2019 and 2018

	<u>2019</u>			<u>2018</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues, Gains and Other Support						
Contributions	\$ 796,911	\$ 102,608	\$ 899,519	\$ 406,197	\$ 757,281	\$ 1,163,478
Grants	527,400		527,400	592,556		592,556
Membership Contributions & Dues	361,280		361,280	379,567		379,567
Conference Registration	292,536		292,536	211,656		211,656
Advertising and Sponsorship	27,372		27,372	3,319		3,319
Total Revenues, Gains and Other Support	<u>2,005,499</u>	<u>102,608</u>	<u>2,108,107</u>	<u>1,593,295</u>	<u>757,281</u>	<u>2,350,576</u>
Expenses						
Program Services						
Attorney Ministries	353,703	-	353,703	335,721	-	335,721
Legal Aid Ministries	125,884	-	125,884	129,534	-	129,534
Conferences	378,664	-	378,664	222,129	-	222,129
Center for Law and Religious Freedom	411,665	-	411,665	341,062	-	341,062
Law Student Ministries	493,083	-	493,083	375,682	-	375,682
Total Program Services	<u>1,762,999</u>	<u>-</u>	<u>1,762,999</u>	<u>1,404,128</u>	<u>-</u>	<u>1,404,128</u>
Supporting Services:						
Administration	137,556	-	137,556	122,163	-	122,163
Development	151,101	-	151,101	142,122	-	142,122
Total Supporting Services	<u>288,657</u>	<u>-</u>	<u>288,657</u>	<u>264,285</u>	<u>-</u>	<u>264,285</u>
Total Expenses	<u>2,051,656</u>	<u>-</u>	<u>2,051,656</u>	<u>1,668,413</u>	<u>-</u>	<u>1,668,413</u>
Other Income/(Expenses)	<u>49,469</u>	<u>-</u>	<u>49,469</u>	<u>36,178</u>	<u>-</u>	<u>36,178</u>
Increase (Decrease) in Net Assets from Operations	\$ 3,312	\$ 102,608	\$ 105,920	\$ (38,940)	\$ 757,281	\$ 718,341
Net Assets, Beginning of Year	\$ 792,905	\$ 762,264	\$ 1,555,169	\$ 800,236	\$ 36,592	\$ 836,828
Net Assets Released from Restriction	\$ 151,793	\$ (151,793)	\$ -	\$ 31,609	\$ (31,609)	\$ -
Net Assets, End of Year	<u>\$ 948,010</u>	<u>\$ 713,079</u>	<u>\$ 1,661,089</u>	<u>\$ 792,905</u>	<u>\$ 762,264</u>	<u>\$ 1,555,169</u>

See the Accompanying Notes to the Financial Statements

Christian Legal Society
Statement of Functional Expenses
For the Year Ended December 31, 2019

	<u>Program Services</u>						<u>Support Services</u>		
	<u>Attorney Ministries</u>	<u>Legal Aid Ministries</u>	<u>Conferences</u>	<u>Center for Law & Religious Freedom</u>	<u>Law Student Ministries</u>	<u>Total Program Services</u>	<u>Administration</u>	<u>Development</u>	<u>Total</u>
Salaries & Benefits	\$ 53,331	\$ 71,025	\$ 68,345	\$ 350,729	\$ 307,172	\$ 850,602	\$ 108,257	\$ 95,944	\$ 1,054,803
Computer Expenses	5,056	4,668	-	4,668	4,668	19,060	2,334	1,945	23,339
Chapter/Membership Support	30,676	16,742	304,264	1,500	138,901	492,083	2,726	3,956	498,765
Insurance						-	2,565		2,565
Bank Charges	2,900	1,898	158	1,898	1,898	8,752	1,770	791	11,313
CLRF-Advocacy	-	-	-	14,180	-	14,180	-	-	14,180
Office Expenses	35,852	-	-	301	19	36,172	4,873	2,628	43,673
Travel	61,302	757	4,088	1,056	3,331	70,534	227	1,001	71,762
Headquarters Facility Costs	14,714	14,714	1,226	14,714	21,014	66,382	4,313	6,131	76,826
Equipment & Supplies	14,207	570	-	570	570	15,917	3,682	285	19,884
Office Services	12,526	8,517	-	15,056	8,517	44,616	3,312	2,731	50,659
Caging & Database Management	79,367	6,993	583	6,993	6,993	100,929	3,497	8,010	112,436
Publications:									
Christian Lawyer	20,084	-	-	-	-	20,084	-	4,895	24,979
JCLT	15,766	-	-	-	-	15,766	-	-	15,766
Donor Appeal	7,922	-	-	-	-	7,922	-	22,784	30,706
	<u>\$ 353,703</u>	<u>\$ 125,884</u>	<u>\$ 378,664</u>	<u>\$ 411,665</u>	<u>\$ 493,083</u>	<u>\$ 1,762,999</u>	<u>\$ 137,556</u>	<u>\$ 151,101</u>	<u>\$ 2,051,656</u>

See the Accompanying Notes to the Financial Statements

Christian Legal Society
Statement of Functional Expenses
For the Year Ended December 31, 2018

	<u>Program Services</u>						<u>Support Services</u>		
	<u>Attorney Ministries</u>	<u>Legal Aid Ministries</u>	<u>Conferences</u>	<u>Center for Law & Religious Freedom</u>	<u>Law Student Ministries</u>	<u>Total Program Services</u>	<u>Administration</u>	<u>Development</u>	<u>Total</u>
Salaries & Benefits	\$ 158,561	\$ 55,110	\$ 55,180	\$ 265,329	\$ 227,581	\$ 761,761	\$ 89,416	\$ 56,476	\$ 907,653
Computer Expenses	4,863	3,939	-	3,939	3,939	16,680	1,970	1,970	20,620
Chapter/Membership Support	44,252	37,987	159,166	15,668	93,066	350,139	847	3,251	354,237
Bank Charges	-	3,269	-	3,269	3,269	9,807	4,904	1,635	16,346
CLRF-Advocacy	-	-	-	22,223	-	22,223	-	-	22,223
Office Expenses	42,252	24	50	840	-	43,166	6,848	5,658	55,672
Travel	12,734	3,505	1,175	3,190	15,827	36,431	8,110	6,892	51,433
Headquarters Facility Costs	13,786	13,786	-	13,786	20,086	61,444	6,893	6,893	75,230
Equipment & Supplies	14,574	1,529	-	1,529	1,529	19,161	(311)	765	19,615
Office Services	5,258	4,723	-	5,627	4,723	20,331	2,361	4,147	26,839
Caging & Database Management	28,118	-	-	-	-	28,118	1,125	13,893	43,136
Publications:									
Christian Lawyer	11,323	5,662	-	5,662	5,662	28,309	-	6,735	35,044
Conference	-	-	6,558	-	-	6,558	-	-	6,558
Donor Appeal	-	-	-	-	-	-	-	33,807	33,807
	<u>\$ 335,721</u>	<u>\$ 129,534</u>	<u>\$ 222,129</u>	<u>\$ 341,062</u>	<u>\$ 375,682</u>	<u>\$ 1,404,128</u>	<u>\$ 122,163</u>	<u>\$ 142,122</u>	<u>\$ 1,668,413</u>

See the Accompanying Notes to the Financial Statements

Christian Legal Society
Statement of Cash Flows
For the Years Ended December 31, 2019 and 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 105,920	\$ 718,341
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and Amortization	13,637	13,044
Changes in assets and liabilities affecting operations:		
Accounts and Grants receivable	10,328	(4,508)
Pledges receivable, net	(300,457)	54,705
Prepaid expenses and other current assets	35,729	(47,761)
Accounts Payable	-	(7,780)
Accrued Vacation expense	(1,254)	756
Payroll Liabilities	5,701	2,034
Deferred Expenses	(3,044)	(3,321)
Deferred Revenue	(19,205)	15,295
Net cash used in operating activities	(152,645)	740,805
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(5,472)	(5,903)
Net cash used in investing activities	(5,472)	(5,903)
 CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from (Payments to) lines of credit	(561)	561
Proceeds from / Repayments of Notes Payable	(4,614)	(4,148)
Net cash provided by financing activities	(5,175)	(3,587)
 Net Increase (Decrease) in Cash	\$ (163,292)	\$ 731,315
 Cash, Beginning of Year	\$1,125,001	\$ 393,686
 Cash, End of Year	\$ 961,709	\$ 1,125,001
 Interest paid during the year	\$ 852	\$ 45

Christian Legal Society
Notes to Financial Statements
December 31, 2019 and 2018

A. ABOUT THE CHRISTIAN LEGAL SOCIETY (CLS)

History - Founded in 1961, Christian Legal Society (CLS) is an association of Christians dedicated to serving Jesus Christ through the practice and study of law, the defense of life and religious freedom, and the provision of legal aid to the needy. All officers, directors, employees, and members of CLS, as a condition of the employment and/or membership, affirm the following statement of faith:

Trusting in Jesus Christ as my savior, I believe in:

- *One God, eternally existent in three persons: Father, Son, and Holy Spirit.*
- *God the Father Almighty, maker of heaven and earth.*
- *The deity of our Lord Jesus Christ, God's only son, conceived of the Holy Spirit, born of the virgin Mary; His vicarious death for our sins through which we receive eternal life; His bodily resurrection and personal return.*
- *The presence and power of the Holy Spirit in the work of regeneration.*
- *The Bible as the inspired word of God.*

Structure - For over 50 years, CLS members have been "Seeking justice with the Love of God", currently through four primary ministries:

Attorney Ministries

CLS attorney chapters and individual members throughout the country are engaged in a wide range of ministries and activities, including Christian fellowship and spiritual development, discipleship, law student mentoring, contributions to The Christian Lawyer magazine, legal referrals, Christian conciliation, volunteer legal service on behalf of the poor and needy, and engagement with the legal community in their respective communities.

Law Student Ministries

CLS helps students in law schools across the country integrate their Christian faith with the study and eventual practice of law. Our Law Student Ministries engages CLS and other Christian groups on law school campuses, resourcing them with Bible studies, one-on-one mentoring, student-focused conferences, a Journal of Christian Legal Thought, and faith-based curriculum services.

Christian Legal Aid

CLS trains, coordinates, networks, resources, and assists lawyers, churches, missions, ministries, and laypeople to engage in Christian legal aid in their communities, making sure the poor and needy have access to justice. Christian Legal Aid helps the disadvantaged untangle legal issues, seek Christian guidance for personal problems, and understand their rights under the law.

Center for Law and Religious Freedom (the Center)

As the country's oldest Christian advocacy ministry for religious liberty, the Center has initiated law suits, filed amicus briefs, argued cases, and worked with Congress to defend our Constitution's inalienable protection of religious freedom and the sanctity of human life.

Christian Legal Society
Notes to Financial Statements
December 31, 2019 and 2018

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Framework of Accounting – The financial statements of the Organization have been prepared on the US GAAP financial framework of accounting. The accrual method is used for calculations so revenue is recognized when earned and expenses are recognized when incurred.

Financial Statement Presentation – The Organization reports information regarding its financial position and activities according to two classes of net assets: with and without donor restrictions.

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 could differ from these estimates.

Cash and cash equivalents – For purposes of the statement of cash flows, all highly liquid debt instruments purchased with an original maturity of three months or less are considered to be cash equivalents.

Property and Equipment – Property and equipment are stated at cost. Donated assets are recorded at the estimated fair market value at the time of donation. Depreciation is provided for using the straight-line method, based on the estimated useful lives of the assets. Amortization is determined using the straight-line method over the estimated useful lives. Property and equipment costing over \$1,000 are capitalized.

Donated materials and services – The estimated fair value of donated materials and services, net of actual payments, if any, are reported as support and expense in the period of benefit. The total is made up of the use of facilities in Mt. Pleasant, Texas. For the years ended December 31, 2019 and 2018, donated materials totaled \$6,300 and \$6,974, respectively.

Functional Allocation of Expenses – The Organization's expenses have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the areas benefited.

Income Taxes – The Society is classified for federal income tax purposes as a Section 501(c)(3) organization exempt from income taxes as provided under Section 501(a) of the Internal Revenue Code.

Promises to Give – Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the pledges are received. Amortization of the discount is included in contribution revenue. Conditional promises to give are not included in support until the conditions are substantially met. As of December 31, 2019 and 2018 there were no conditional promises to give, while unconditional promises to give were \$679,789 and \$379,332, respectively.

Contributions – Grants and contributions received are recorded as with or without donor restrictions, depending on the existence and/or nature of any restrictions. The Organization reports gifts of cash and other assets as donor restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is,

Christian Legal Society
Notes to Financial Statements
December 31, 2019 and 2018

when a stipulated time restriction ends or purpose restriction is accomplished, donor restricted assets are reclassified to without donor restricted net assets and are reported in the Statement of Activities as Net Assets Released from Restrictions. As of December 31, 2019 and 2018, the Society had net assets with donor restrictions totaling \$713,079 and \$762,264, respectively.

Deferred Revenue – Funds and conference fees received in advance for specific purposes or events are deferred and recognized as revenue over the period to which they relate and when the events take place, respectively.

Membership Dues – Membership dues are considered voluntary contributions to the Society. Payments for dues are received as donations to the ministry. Given this, CLS recognizes membership dues as “Contributions” in the period in which they are received.

Costs of Joint Activities – FASB ASC 958-720-50-2, “*Accounting for Costs of Activities That Include Fund Raising*”, establishes accounting standards for recording costs associated with joint activities (activities which are part fundraising and have elements of one of more other functions, such as program or general and administrative). The pronouncement requires that the criteria of purpose, audience and content be met in order to allocate any portion of the costs of joint activities to a functional area other than fundraising. See Note L.

C. PLEDGES RECEIVABLE

Included in pledges receivable are the following unconditional promises to give as of December 31:

	2019	2018
Unconditional promises to give before unamortized discount and reserve	\$ 679,789	\$ 379,332
Less: Unamortized discount	-	-
Subtotal	679,789	379,332
Less: Reserve	-	-
Net unconditional promises to give	<u>679,789</u>	<u>379,332</u>
Amounts due in:		
Less than one year	\$ 573,789	\$ 379,332
One to five years	51,000	-
More than five years	55,000	-
Total gross unconditional promises to give	<u>\$ 679,789</u>	<u>\$ 379,332</u>

Christian Legal Society
Notes to Financial Statements
December 31, 2019 and 2018

D. PROPERTY AND EQUIPMENT

The major classes of property and equipment, along with their respective accumulated depreciation and net worth, are as follows as of December 31:

	2019	Accum Depr	Net
Leasehold Improvements	\$ 28,296	\$ 28,296	\$ -
Furniture	2,922	2,205	717
Equipment	30,048	25,880	4,168
Website and Software	164,788	159,744	5,044
Computers	69,853	56,891	12,962
	\$ 295,907	\$ 273,016	\$ 22,891

	2018	Accum Depr	Net
Leasehold Improvements	\$ 28,296	\$ 28,296	\$ -
Furniture	2,922	1,804	1,118
Equipment	30,048	21,443	8,605
Website and Software	164,788	154,982	9,806
Computers	64,380	52,853	11,527
	\$ 290,434	\$ 259,378	\$ 31,056

Depreciation and amortization expense for the years ended December 31, 2019 and 2018 totaled \$13,637 and \$13,044, respectively.

E. LINES OF CREDIT

The Society maintains a line of credit with a financial institution. The maximum amount available on this line was up to \$100,000 at December 31, 2019 and 2018. The line is collateralized by the Society's furniture, fixtures, and equipment. The line of credit is due on demand and bears interest at the rate of prime plus 1.5%. At December 31, 2019 and 2018, the balance on the line of credit was \$0 and \$0 respectively.

F. LEASES

The Organization was obligated to pay on a lease for 3,089 square feet in an office building on the third floor of 8001 Braddock Road, Springfield, Virginia. The original lease was renewed in 2014 for an additional five (5) years with three months free rent up-front. At the end of the lease term the lease was extended monthly until the new space in the same building was available, which was May 1, 2020. The monthly rate was \$5,663.

Christian Legal Society
Notes to Financial Statements
December 31, 2019 and 2018

The following is a schedule for future minimum lease payments at December 31, 2019:

For the years ending December 31,	Rent
2020	\$ 22,652
Total	\$ 22,652

For the years ended December 31, 2019 and 2018, rent expense for Christian Legal Society totaled \$76,824 and \$75,228, respectively.

G. CAPITAL LEASE

The Organization purchased a copier in 2015 with a \$1 buy-out option at the end of the 60-month lease. As such the value of the copier has been capitalized and interest is being recognized at an imputed interest rate of 10.524%. The minimum lease payments for the next five years are as follows.

Year	Principle Payments
2020	\$ 5,133
	\$ 5,133

H. RELATED PARTY TRANSACTIONS

A Board of Director for the Society is a Partner of a Law Firm that the Society had contracted with for services. During 2018, the Society was invoiced \$1,072 for these services. At December 31, 2018, the amount due to the Law Firm included in accounts payable were \$0.

I. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at December 31 are available for the following purposes:

	2019	2018
Attorney Ministries	\$ -	\$ 2,519
Endowment	589,164	486,556
Center Staffing	73,409	125,000
Legal Aid	50,506	148,189
Net assets with donor restrictions	\$ 713,079	\$ 762,264

For the years ended December 31, 2019 and 2018, net assets in the amount of \$151,793 and \$31,609, respectively, were released from donor restrictions by incurring expenses satisfying the restricted purpose.

Christian Legal Society
Notes to Financial Statements
December 31, 2019 and 2018

J. CONDITIONAL PROMISES TO GIVE (ENDOWMENT)

The endowment referenced in Note I above refers to an endowment fund setup for CLS. The endowment is for approximately \$500,000 and is conditioned on receiving matching gifts and/or qualified pledges within 5 years of the date of the death of the donor, which was April 18, 2018. Cumulative funds raised toward the match were \$134,164 (plus \$126,000 in qualified pledges) and \$31,556 (plus \$107,000 in qualified pledges) at December 31, 2019 and 2018, respectively. The endowment funds are held in a trust account for CLS and is valued at \$589,164 as of December 31, 2019.

K. RETIREMENT PLAN

The Society maintains a tax deferred annuity plan, qualified under Section 403(b) of the Internal Revenue Code, for eligible employees with at least two years of full-time service, working at least 1,000 hours per year. The Society contributes 5% of the annual salary of each participant. Plan expense totaled \$20,695 and \$20,371 for the years ended December 31, 2019 and 2018, respectively.

L. ALLOCATION OF JOINT ACTIVITIES

During 2019 and 2018, CLS incurred joint costs of approximately \$71,451 and \$75,409, respectively, for website costs and informational materials primarily related to mailings that included fundraising appeals. Pursuant to FASB ASC 958-720-50-2 (See Note B) these costs were allocated to the functional areas as follows:

	2019	2018
Program Services	\$ 43,772	\$ 34,867
Supporting Services:		
Development	27,679	40,542
Administration	-	-
Total	\$ 71,451	\$ 75,409

M. INTEREST EXPENSE

The amount of Interest Expense for the year ended December 31, 2019 and 2018 totaled \$852 and \$45, respectively. These expenses are included in Interest Expense, Bank Charges, and Equipment Expenses.

Christian Legal Society
Notes to Financial Statements
December 31, 2019 and 2018

N. OTHER INCOME

Items included in Other Income on the Statement of Activities for the years ended December 31, 2019 and 2018 are listed below:

	2019	2018
Reimbursed Expenses	\$ 47,736	\$ 36,177
Interest Income	1,733	-
Miscellaneous	-	1
Total	\$ 49,469	\$ 36,178

O. CONCENTRATIONS

For the year ended December 31, 2019, one contributor gave 12.5% of total contributions received. The top 5 donors represent about 27.4% of total contributions for 2019.

For the year ended December 31, 2018, one contributor gave 19.3% of total contributions received. The top 5 donors represent about 39.4% of total contributions for 2018.

P. FINANCIAL ASSETS AVAILABLE FOR THE NEXT YEAR

The Organization has \$961,709 of financial assets available within 1 year of the balance sheet date to meet cash needs for general expenditure consisting of cash and cash equivalents of \$961,709. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. The Organization has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet 60 days of normal operating expenses, which are, on average, approximately \$341,943. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, as part of its liquidity management, the Organization invests cash in excess of daily requirements in various short-term investments, including sweep type bank instruments.

Q. SUBSEQUENT EVENTS

Subsequent events have been evaluated through information known as of November 13, 2020, which is the date of these financial statements were available to be issued.

The lease referred to in Note G was satisfied in January 2020.

In July 2019, the Organization signed a lease for 3,659 square feet in an office building located at 8001 Braddock Road, Springfield, Virginia. The term of the lease started on May 1, 2020 and shall continue for a period of seven years unless terminated or renewed within the provision of the lease. There is rent abatement for the first six months. Base rent of the new

Christian Legal Society
Notes to Financial Statements
December 31, 2019 and 2018

facility is \$6,708 per month starting November 15, 2020, with annual increases of 2.5% based on previous year's base rent through the seventh year.

Future minimum lease payments for the next five years under this lease are as follows:

Fiscal Year Ended December 31,	Amount
2020	\$ 13,416
2021	82,510
2022	84,573
2023	86,688
2024	88,855
Totals	\$ 356,042

The Organization secured a Paycheck Protection Program (PPP) Loan on April 20, 2020. The loan amount was \$182,147. Interest accrues as a rate of 1% per year. Repayment terms are equal monthly principle and interest payments to commence November 1, 2020 with the final payment due April 20, 2022. The Organization expects it will meet the requirements of loan forgiveness under the PPP (Sections 1102 and 1106 of the Coronavirus Aid, Relief, and Economic Security Act (Cares Act)). Absent this forgiveness, the minimum future principle payments on this note are as follows:

Fiscal Year Ended December 31,	Principle	Balance
2020	\$ 19,379	\$ 162,768
2021	\$ 121,873	\$ 40,895
2022	40,895	-
Totals	\$ 182,147	