

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of
Christian Legal Society

Opinion

We have audited the accompanying financial statements of Christian Legal Society (a nonprofit organization), which comprise 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 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 Christian Legal Society as of December 31, 2024 and 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 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 Christian Legal Society 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 Christian Legal Society'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. 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 Christian Legal Society'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 Christian Legal Society'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.

Manassas, VA
November 13, 2025

Christian Legal Society
Statement of Financial Position
At December 31, 2024 and 2023

| | <u>2024</u> | <u>2023</u> |
|---|----------------------------|----------------------------|
| Assets | | |
| Current Assets | | |
| Cash and Cash Equivalents | \$ 2,998,178 | \$ 2,457,648 |
| Pledges Receivable | 743,867 | 757,134 |
| Investments | 2,128,137 | 809,018 |
| Prepaid expenses and other current assets | 29,967 | 44,292 |
| Total Current Assets | <u>5,900,149</u> | <u>4,068,092</u> |
| Property and Equipment, Net | 102,565 | 27,527 |
| Other Assets | | |
| Lease Deposits | 6,849 | 6,849 |
| Pledges Receivable, net of current | 338,000 | 338,000 |
| Total Other Assets | <u>344,849</u> | <u>344,849</u> |
| Total Assets | <u>\$ 6,347,563</u> | <u>\$ 4,440,468</u> |
| Liabilities and Net Assets | | |
| Current Liabilities | | |
| Accounts Payable | \$ 20,437 | \$ 12,771 |
| Credit Card Payable/Line of Credit | 32,665 | - |
| Accrued Payroll Liabilities | 65,043 | 50,074 |
| Accrued Vacation Expense | 21,930 | 18,815 |
| Deferred Rent Discount | 13,416 | 19,166 |
| Current portion of Long-Term Debt | 2,844 | 7,957 |
| Deferred Revenue | 2,975 | 6,255 |
| Total Current Liabilities | <u>159,310</u> | <u>115,038</u> |
| Long-Term Liabilities | | |
| Lease Payable | - | 2,844 |
| Total Long-Term Liabilities | <u>-</u> | <u>2,844</u> |
| Total Liabilities | 159,310 | 117,882 |
| Net Assets | | |
| Without Donor Restrictions | 2,693,525 | 1,379,627 |
| With Donor Restrictions | 3,494,728 | 2,942,959 |
| Total Net Assets | <u>6,188,253</u> | <u>4,322,586</u> |
| Total Liabilities and Net Assets | <u>\$ 6,347,563</u> | <u>\$ 4,440,468</u> |

Christian Legal Society
Statement of Activities
For the Years Ended December 31, 2024 and 2023

| | 2024 | | | 2023 | | |
|--|-------------------------------|----------------------------|---------------------|-------------------------------|----------------------------|---------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total | Without Donor Restrictions | With Donor Restrictions | Total |
| Revenues, Gains and Other Support | | | | | | |
| Contributions | \$ 664,498 | \$ 476,825 | \$ 1,141,323 | \$ 854,930 | \$ 478,274 | \$ 1,333,204 |
| Grants | 586,008 | 236,620 | 822,628 | 750,933 | 181,312 | 932,245 |
| Membership Contributions & Dues | 353,657 | | 353,657 | 382,321 | | 382,321 |
| Conference Registration | 638,136 | | 638,136 | 380,106 | | 380,106 |
| Advertising and Sponsorship | 20,095 | | 20,095 | 12,317 | | 12,317 |
| Litigation Fees | 1,985,366 | | 1,985,366 | - | | - |
| Released from restriction | 161,676 | (161,676) | - | 73,763 | (73,763) | - |
| Total Revenues, Gains and Other Support | 4,409,436 | 551,769 | 4,961,205 | 2,454,370 | 585,823 | 3,040,193 |
| Expenses | | | | | | |
| Program Services | | | | | | |
| Attorney Ministries | 684,559 | - | 684,559 | 662,834 | - | 662,834 |
| Legal Aid Ministries | 427,173 | - | 427,173 | 342,436 | - | 342,436 |
| Conferences | 567,122 | - | 567,122 | 413,646 | - | 413,646 |
| Center for Law and Religious Freedom | 619,983 | - | 619,983 | 386,578 | - | 386,578 |
| Law Student Ministries | 623,051 | - | 623,051 | 525,815 | - | 525,815 |
| Total Program Services | 2,921,888 | - | 2,921,888 | 2,331,309 | - | 2,331,309 |
| Supporting Services: | | | | | | |
| Administration | 216,647 | - | 216,647 | 190,758 | - | 190,758 |
| Development | 257,045 | - | 257,045 | 210,858 | - | 210,858 |
| Total Supporting Services | 473,692 | - | 473,692 | 401,616 | - | 401,616 |
| Total Expenses | 3,395,580 | - | 3,395,580 | 2,732,925 | - | 2,732,925 |
| Other Income/(Expenses) | 300,042 | - | 300,042 | 457,069 | - | 457,069 |
| Increase (Decrease) in Net Assets from Operations | \$ 1,313,898 | \$ 551,769 | \$ 1,865,667 | \$ 178,514 | \$ 585,823 | \$ 764,337 |
| Net Assets, Beginning of Year | \$ 1,379,627 | \$ 2,942,959 | \$ 4,322,586 | \$ 1,201,113 | \$ 2,357,136 | \$ 3,558,249 |
| Net Assets, End of Year | \$ 2,693,525 | \$ 3,494,728 | \$ 6,188,253 | \$ 1,379,627 | \$ 2,942,959 | \$ 4,322,586 |

See Notes to the Financial Statements

Christian Legal Society
Statement of Functional Expenses
For the Year Ended December 31, 2024

| | Program Services | | | | | | Support Services | | |
|------------------------------|--------------------------------|---------------------------------|--------------------|---|---------------------------------------|---------------------------------------|-------------------------|--------------------|---------------------|
| | Attorney Ministries | Legal Aid Ministries | Conferences | Center for Law & Religious Freedom | Law Student Ministries | Total Program Services | Administration | Development | Total |
| Salaries & Benefits | \$ 276,329 | \$ 329,060 | \$ 32,752 | \$ 411,579 | \$ 260,926 | \$ 1,310,646 | \$ 171,440 | \$ 143,156 | \$ 1,625,242 |
| Computer Expenses | 7,963 | 5,373 | - | 5,373 | 5,373 | 24,082 | 2,590 | 5,373 | 32,045 |
| Chapter/Membership Support | 79,904 | 36,203 | 534,370 | 61,335 | 246,946 | 958,758 | 5,462 | 42,622 | 1,006,842 |
| Employee Related Expenses | 7,716 | 7,716 | - | 7,716 | 7,716 | 30,864 | 2,302 | 2,728 | 35,894 |
| Bank Charges | 959 | - | - | - | - | 959 | 1,887 | - | 2,846 |
| CLRF-Advocacy | - | - | - | 71,265 | - | 71,265 | - | - | 71,265 |
| Office Expenses | 42,927 | 2,170 | - | 6,964 | 9,174 | 61,235 | 1,052 | 1,952 | 64,239 |
| Travel | 124,739 | 6,214 | - | 5,550 | 35,458 | 171,961 | 10,730 | 5,200 | 187,891 |
| Headquarters Facility Costs | 16,713 | 16,713 | - | 16,713 | 16,713 | 66,852 | 8,356 | 8,356 | 83,564 |
| Equipment & Supplies | 5,318 | 5,318 | - | 5,318 | 5,318 | 21,272 | 1,113 | 1,114 | 23,499 |
| Office Services | 24,836 | 14,716 | - | 24,480 | 14,604 | 78,636 | 11,715 | 16,126 | 106,477 |
| Caging & Database Management | 54,479 | - | - | - | - | 54,479 | - | - | 54,479 |
| CLSNet Website Costs | 18,450 | 3,690 | - | 3,690 | 3,690 | 29,520 | - | 1,575 | 31,095 |
| Publications: | | | | | | | | | |
| Christian Lawyer | 24,226 | - | - | - | - | 24,226 | - | - | 24,226 |
| JCLT | - | - | - | - | 17,133 | 17,133 | - | - | 17,133 |
| Donor Appeal | - | - | - | - | - | - | - | 28,843 | 28,843 |
| | <u>\$ 684,559</u> | <u>\$ 427,173</u> | <u>\$ 567,122</u> | <u>\$ 619,983</u> | <u>\$ 623,051</u> | <u>\$ 2,921,888</u> | <u>\$ 216,647</u> | <u>\$ 257,045</u> | <u>\$ 3,395,580</u> |

Christian Legal Society
Statement of Functional Expenses
For the Year Ended December 31, 2023

| | Program Services | | | | | | Support Services | | |
|------------------------------|-------------------------|-------------------|--------------------|-------------------|-------------------|---------------------|-------------------------|--------------------|---------------------|
| | Center for | | | | | | | | |
| | Attorney | Legal Aid | | Law & | Law | Total | | | |
| | Ministries | Ministries | Conferences | Religious | Student | Program | Administration | Development | Total |
| | | | | Freedom | Ministries | Services | | | |
| Salaries & Benefits | \$ 223,889 | \$ 270,427 | \$ 24,890 | \$ 312,073 | \$ 240,638 | \$ 1,071,917 | \$ 131,824 | \$ 128,576 | \$ 1,332,317 |
| Computer Expenses | 4,726 | 4,727 | - | 4,727 | 4,727 | 18,907 | 2,363 | 2,363 | 23,633 |
| Chapter/Membership Support | 96,715 | 22,128 | 388,756 | - | 214,977 | 722,576 | 22,374 | 30,295 | 775,245 |
| Bank Charges | 1,656 | - | - | - | - | 1,656 | 1,811 | - | 3,467 |
| CLRF-Advocacy | - | - | - | 19,242 | - | 19,242 | - | - | 19,242 |
| Office Expenses | 72,734 | 2,364 | - | - | 4,677 | 79,775 | 1,290 | 3,000 | 84,065 |
| Travel | 84,867 | 5,549 | - | 5,696 | 5,448 | 101,560 | 6,158 | 5,149 | 112,867 |
| Headquarters Facility Costs | 16,277 | 16,277 | - | 16,277 | 16,277 | 65,108 | 8,138 | 8,138 | 81,384 |
| Equipment & Supplies | 6,237 | 6,237 | - | 6,237 | 6,237 | 24,948 | 3,119 | 3,119 | 31,186 |
| Office Services | 11,575 | 6,318 | - | 13,918 | 6,318 | 38,129 | 9,477 | 6,316 | 53,922 |
| Caging & Database Management | 77,177 | - | - | - | - | 77,177 | - | - | 77,177 |
| CLSNet Website Costs | 8,408 | 8,409 | - | 8,408 | 8,409 | 33,634 | 4,204 | 4,204 | 42,042 |
| Publications: | | | | | | | | | |
| Christian Lawyer | 45,200 | - | - | - | - | 45,200 | - | - | 45,200 |
| JCLT | - | - | - | - | 18,107 | 18,107 | - | - | 18,107 |
| Donor Appeal | 13,373 | - | - | - | - | 13,373 | - | 19,698 | 33,071 |
| | <u>\$ 662,834</u> | <u>\$ 342,436</u> | <u>\$ 413,646</u> | <u>\$ 386,578</u> | <u>\$ 525,815</u> | <u>\$ 2,331,309</u> | <u>\$ 190,758</u> | <u>\$ 210,858</u> | <u>\$ 2,732,925</u> |

Christian Legal Society
Statement 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 | \$ 1,865,667 | \$ 764,337 |
| Adjustments to reconcile change in net assets to net cash used in operating activities: | | |
| Depreciation and Amortization | 20,319 | 29,001 |
| Changes in assets and liabilities affecting operations: | | |
| Pledges receivable, net | 13,267 | (335,483) |
| Prepaid expenses and other current assets | 14,325 | 9,647 |
| Accounts Payable | 7,666 | 8,695 |
| Accrued Vacation expense | 3,115 | 5,009 |
| Payroll Liabilities | 14,969 | 19,494 |
| Deferred Expenses | (5,750) | (5,750) |
| Deferred Revenue | (3,280) | 4,370 |
| Net cash used in operating activities | <u>1,930,298</u> | <u>499,320</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of property and equipment | (95,357) | (8,484) |
| Investments | <u>(1,319,119)</u> | <u>(86,613)</u> |
| Net cash used in investing activities | <u>(1,414,476)</u> | <u>(95,097)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from (Payments to) lines of credit | 32,665 | - |
| Proceeds from / Repayments of Notes Payable | <u>(7,957)</u> | <u>(7,161)</u> |
| Net cash provided by financing activities | <u>24,708</u> | <u>(7,161)</u> |
| Net Increase (Decrease) in Cash | \$ 540,530 | \$ 397,062 |
| Cash, Beginning of Year | \$ 2,457,648 | \$ 2,060,586 |
| Cash, End of Year | \$ 2,998,178 | \$ 2,457,648 |
| Interest paid during the year | \$ - | \$ 242 |

Christian Legal Society
Notes to Financial Statements
December 31, 2024, and 2023

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 60 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, continuing legal education, 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, 2024, and 2023

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.

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, 2024 and 2023 there were no conditional promises to give, while unconditional promises to give were \$1,081,867 and \$1,095,134, 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, 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, 2024 and 2023, the Society had net assets with donor restrictions totaling \$3,494,728 and \$2,942,959, respectively.

Christian Legal Society
Notes to Financial Statements
December 31, 2024, and 2023

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 receipted 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:

| | 2024 | 2023 |
|---|--------------------|---------------------|
| Unconditional promises to give before unamortized discount and reserve | \$1,081,867 | \$ 1,095,134 |
| Less: Unamortized discount | - | - |
| Subtotal | 1,081,867 | 1,095,134 |
| Less: Reserve | - | - |
| Net unconditional promises to give | <u>\$1,081,867</u> | <u>\$ 1,095,134</u> |
| Amounts due in: | | |
| Less than one year | \$ 743,867 | \$ 757,134 |
| One to five years | - | 13,000 |
| More than five years | 338,000 | 325,000 |
| Total gross unconditional promises to give | <u>\$1,081,867</u> | <u>\$ 1,095,134</u> |

Christian Legal Society
Notes to Financial Statements
December 31, 2024, and 2023

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:

| Class of Property & Equipment | 2024 | Accum Depr | Net |
|--|-------------|-------------------|------------|
| Leasehold Improvements | \$ 7,206 | \$ 4,582 | \$ 2,624 |
| Furniture | 2,922 | 2,922 | - |
| Equipment | 42,868 | 42,313 | 555 |
| Website and Software | 238,295 | 164,825 | 73,470 |
| Computers | 89,272 | 63,356 | 25,916 |
| Total | \$ 380,563 | \$ 277,998 | \$ 102,565 |
| | | | |
| Class of Property & Equipment | 2023 | Accum Depr | Net |
| Leasehold Improvements | \$ 7,206 | \$ 3,552 | \$ 3,654 |
| Furniture | 2,922 | 2,922 | - |
| Equipment | 42,868 | 35,313 | 7,555 |
| Website and Software | 227,980 | 219,832 | 8,148 |
| Computers | 82,247 | 74,077 | 8,170 |
| Total | \$ 363,223 | \$ 335,696 | \$ 27,527 |
| | | | |

Depreciation and amortization expense for the years ended December 31, 2024 and 2023 totaled \$20,319 and \$29,001, respectively.

E. LINES OF CREDIT

The Society maintained a line of credit with a financial institution. The maximum amount available on this line was up to \$100,000. The line is collateralized by the Society's furniture, fixtures, and equipment. The line of credit was due on demand and bore interest at the rate of prime plus 1.5%. The Line of Credit was closed June 2023.

F. LEASES

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 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.

Christian Legal Society
Notes to Financial Statements
December 31, 2024, and 2023

Future minimum lease payments under this lease are as follows:

| Fiscal Year End December 31, | Amount |
|-------------------------------------|-------------------|
| 2025 | 91,076 |
| 2026 | 93,353 |
| 2027 | 83,726 |
| Total | \$ 268,155 |

For the years ended December 31, 2024, and 2023, rent expense for Christian Legal Society totaled \$83,563 and \$81,384, respectively.

G. CAPITAL LEASE

The Organization purchased a copier in 2020 on a 63-month lease. As such the value of the copier was estimated at \$16,500 and has been capitalized and interest is being recognized at an imputed interest rate of 10.592%.

The minimum future lease payments are as follows:

| Year | Principle Payments |
|-------------|---------------------------|
| 2025 | \$ 2,844 |
| | <u>\$ 2,844</u> |

H. NET ASSETS WITH DONOR RESTRICTIONS

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

| | 2024 | 2023 |
|------------------------------------|---------------------|---------------------|
| Attorney Ministries | \$ 50,000 | \$ 55,087 |
| Endowments | 2,128,137 | 1,681,912 |
| Center Staffing | - | 37,958 |
| Grants | 548,408 | 429,543 |
| Legal Aid | 300,114 | 201,928 |
| LSM Funds | 44,732 | 93,689 |
| CLA Funds | 400,107 | 418,842 |
| Campus Dinner | 23,230 | 24,000 |
| Net assets with donor restrictions | <u>\$ 3,494,728</u> | <u>\$ 2,942,959</u> |

For the years ended December 31, 2024, and 2023, net assets in the amount of \$161,676 and \$73,763, respectively, were released from donor restrictions by incurring expenses satisfying the restricted purpose.

Christian Legal Society
Notes to Financial Statements
December 31, 2024, and 2023

I. CONDITIONAL PROMISES TO GIVE (ENDOWMENTS)

The endowments referenced in Note H above refer to two endowment funds setup for CLS. The Founders 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 \$443,345 (plus \$309,000 in qualified pledges) at December 31, 2021. In early 2021 the trustee has confirmed fulfillment of the matching gift requirement of the donor's bequest.

In 2021, CLS established the Starr Family Chair in Religious Liberty, connected to the CLS Center for Law & Religious Freedom, through four equal annual installments of \$250,000, totaling \$1 million (principal). The Starr Chair's primary purpose is to ensure the long-term support for the Center's work for future generations. CLS will raise funds in support of the Starr Chair, using the existence of the Chair, from other donors and interested CLS members. CLS will not utilize or spend the Principal of the Starr Chair as a matter of board policy. The Endowment for the Starr Family Chair was started in 2021 with initial donations of \$253,770. The Endowment raised \$358,808 and \$279,341 in 2024 and 2023, respectively.

The endowment funds are held in trust accounts for CLS and are valued at \$2,128,137 and \$1,681,912 as of December 31, 2024, and 2023, respectively.

J. INVESTMENTS

As of December 31, 2024, the Organization held some cash and some available for sale investments for the endowment funds mentioned in Note I with two brokerage firms. With one firm, the cash was held in low-risk government money market funds and the investments were in conservative stock and bond mutual funds. The Fair Market Values of the investments as of December 31, 2024, and 2023, as determined by the public exchange rates, was \$2,128,137 and \$809,018, respectively. With the other firm, \$2,646,706 and \$1,048,391, respectively, was all held in cash and CDs. Investments are classified as Level 1 and are readily determinable from exchange values. These cash and investment amounts generated interest, dividend and capital gain income of \$417,787 and \$91,485 and holding gains (losses) of (\$119,337) and \$97,991 in the years ended December 31, 2024 and 2023, respectively.

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 expenses totaled \$37,220 and \$27,715 for the years ended December 31, 2024, and 2023, respectively.

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L. ALLOCATION OF JOINT ACTIVITIES

During 2024 and 2023, CLS incurred joint costs of approximately \$70,202 and \$96,378, 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:

| Joint Activities | 2024 | 2023 |
|-------------------------|------------------|------------------|
| Program Services | \$ 41,359 | \$ 76,680 |
| Supporting Services: | | |
| Development | 28,843 | 19,698 |
| Administration | - | - |
| Total | \$ 70,202 | \$ 96,378 |

M. INTEREST EXPENSE

The amount of Interest Expense for the year ended December 31, 2024 and 2023 totaled \$0 and \$242, respectively. These expenses are included in Interest Expense, Bank Charges, and Equipment Expenses.

N. OTHER INCOME

Items included in Other Income on the Statement of Activities for the years ended December 31, 2024 and 2023 are listed below:

| | 2024 | 2023 |
|-----------------------------------|-------------------|-------------------|
| Reimbursed Expenses | \$ 1,592 | \$ 1,470 |
| Interest/Dividend/Capital Gain | 417,787 | 91,485 |
| ERC Income | - | 266,123 |
| Holding Gain(Loss) on Investments | (119,337) | 97,991 |
| Total | \$ 300,042 | \$ 457,069 |

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O. CONCENTRATIONS

For the year ended December 31, 2024, two contributors gave 12.8% and 10.9%, respectively, of total contributions received. The top 5 donors represent about 39.9% of total contributions for 2024.

For the year ended December 31, 2023, one contributor gave 10.2% of total contributions received. The top 5 donors represent about 33.8% of total contributions for 2023.

P. FINANCIAL ASSETS AVAILABLE FOR THE NEXT YEAR

The Organization has \$5,126,315 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 \$2,998,178. Of the \$5,126,315 of financial assets available within 1 year, \$3,494,728 are subject to donor or other contractual restrictions. 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 \$562,544. 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, 2025, which is the date of these financial statements were available to be issued.