



COUNCIL FOR COURT EXCELLENCE

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

December 31, 2024

(With Summarized Comparative Information for the Year Ended December 31, 2023)

COUNCIL FOR COURT EXCELLENCE

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Council for Court Excellence
Washington, DC

Opinion

We have audited the accompanying financial statements of Council for Court Excellence (CCE), a nonprofit organization, which comprise the statement of financial position as of December 31, 2024, 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 CCE as of December 31, 2024, and the changes in 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 CCE 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 CCE'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 the CCE'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 CCE'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.

Report on Summarized Comparative Information

The financial statements of CCE as of and for the year ended December 31, 2023 were audited by other auditors, who expressed an unqualified opinion on those financial statements in their report dated October 25, 2024. The summarized comparative information presented herein as of and for the year ended December 31, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.



HAN GROUP LLC
Washington, DC
October 16, 2025

COUNCIL FOR COURT EXCELLENCE

Statement of Financial Position

December 31, 2024

(With Summarized Comparative Information for 2023)

	2024	2023
Assets		
Current Assets		
Cash	\$ 504,042	\$ 372,749
Restricted cash	61,678	59,203
Accounts receivable, net	45,837	4,400
Grants receivable	179,632	111,850
Prepaid expenses	11,796	11,090
Investments	1,066,915	917,224
Security deposit	6,490	-
Property and equipment, net	13,770	11,312
Right-of-use asset for office space – operating lease, net	32,057	129,890
Total assets	<u>\$ 1,922,217</u>	<u>\$ 1,615,280</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 75,928	\$ 51,465
Deferred dues revenue	8,500	22,250
Refundable advances	86,959	97,827
Deposits	-	4,900
Financing lease liability	956	2,374
Operating lease liability	38,222	149,545
Total liabilities	<u>210,565</u>	<u>328,361</u>
Net Assets		
Net assets without donor restrictions:		
Available for operations	219,806	86,654
Board designated	1,128,593	976,427
Total without donor restrictions	1,348,399	1,063,081
Net assets with donor restrictions	363,253	223,838
Total net assets	<u>1,711,652</u>	<u>1,286,919</u>
Total liabilities and net assets	<u>\$ 1,922,217</u>	<u>\$ 1,615,280</u>

COUNCIL FOR COURT EXCELLENCE

Statement of Activities

Year Ended December 31, 2024

(With Summarized Comparative Information for 2023)

	2024			2023
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenue and Support				
Grant agreements	\$ 499,337	\$ 615,868	\$ 1,115,205	\$ 487,923
Contributions	111,036	-	111,036	141,289
Sponsorships and events	290,790	-	290,790	259,275
Board dues	220,857	-	220,857	208,575
Service fees	90,631	-	90,361	122,830
Net investment income	155,309	-	155,309	138,818
Rental income	-	-	-	16,668
Miscellaneous income	3,146	-	3,146	1,450
Net assets released from restrictions	476,453	(476,453)	-	-
Total revenue and support	1,847,559	139,415	1,986,974	1,376,828
Expenses				
Program services	1,241,640	-	1,241,640	1,184,065
Management and general	156,480	-	156,480	118,768
Fundraising and development	164,121	-	164,121	167,732
Total expenses	1,562,241	-	1,562,241	1,470,565
Change in Net Assets	285,318	139,415	424,733	(93,737)
Net Assets , beginning of year	1,063,081	223,838	1,286,919	1,380,656
Net Assets , end of year	\$ 1,348,399	\$ 363,253	\$ 1,711,652	\$ 1,286,919

COUNCIL FOR COURT EXCELLENCE

Statement of Functional Expenses

Year Ended December 31, 2024

(With Summarized Comparative Information for 2023)

	2024					
	Program Services					Total
	Criminal Justice	Justice Education	Civil Justice	Youth Justice	Communication and Other	Program Services
Payroll, benefits, and taxes	\$ 523,122	\$ 123,654	\$ 143,561	\$ 157,338	\$ 56,759	\$ 1,004,434
Other expenses:						
Contractual services	6,302	4,448	1,985	2,050	32,045	46,830
Depreciation and amortization	2,026	479	556	609	220	3,890
Insurance	1,008	363	480	686	106	2,643
Interns	4,750	1,500	2,000	2,500	-	10,750
Meetings and events	8,997	344	5,949	633	42	15,965
Office expenses and supplies	5,120	1,555	1,901	2,270	1,714	12,560
Professional fees	26,475	6,258	7,266	7,963	2,873	50,835
Postage, delivery, and printing	1,582	36	58	69	11	1,756
Rent and occupancy	44,099	10,424	12,102	13,263	4,786	84,674
Telephone and internet	949	700	745	825	601	3,820
Travel	3,315	6	137	23	2	3,483
Total Expenses	\$ 627,745	\$ 149,767	\$ 176,740	\$ 188,229	\$ 99,159	\$ 1,241,640

(continued)

COUNCIL FOR COURT EXCELLENCE

Statement of Functional Expenses (continued)

Year Ended December 31, 2024

(With Summarized Comparative Information for 2023)

	2024			2023
	Supporting Services			
	Management and General	Fundraising and Development	Total Expenses	Total Expenses
Payroll, benefits, and taxes	\$ 89,698	\$ 77,770	\$ 1,171,902	\$ 980,247
Other expenses:				
Contractual services	19,716	52	66,598	163,377
Depreciation and amortization	348	301	4,539	2,471
Insurance	7,199	166	10,008	8,514
Interns	-	-	10,750	11,255
Meetings and events	16,622	63,159	95,746	102,832
Office expenses and supplies	7,745	7,648	27,953	28,372
Professional fees	4,540	3,936	59,311	52,636
Postage, delivery, and printing	1,803	3,708	7,267	6,029
Rent and occupancy	7,561	6,556	98,791	100,128
Telephone and internet	896	380	5,096	5,134
Travel	353	445	4,281	9,570
Total Expenses	\$ 156,480	\$ 164,121	\$ 1,562,241	\$ 1,470,565

See accompanying notes.

COUNCIL FOR COURT EXCELLENCE

Statement of Cash Flows

Year Ended December 31, 2024

(With Summarized Comparative Information for 2023)

	2024	2023
Cash Flows from Operating Activities		
Change in net assets	\$ 424,733	\$ (93,737)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	4,539	4,828
Donated securities	(1,135)	-
Realized and unrealized gains on investments	(128,058)	(121,294)
Allowance for credit losses	11,811	-
Decrease (increase) in assets:		
Accounts and other receivable	(53,248)	41,325
Grants and contributions receivable	(67,782)	(5,550)
Prepaid expenses	(706)	(7,698)
Security deposit	(6,490)	-
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	24,463	(5,493)
Deposits	(4,900)	-
Deferred revenue	(13,750)	22,250
Refundable advances	(10,868)	97,827
Net change in operating lease assets and liabilities	(15,928)	1,810
Net cash provided by (used in) operating activities	162,681	(65,732)
Cash Flows from Investing Activities		
Purchases of property and equipment	(6,997)	(7,739)
Purchases of investments and reinvested dividends	(20,498)	(16,115)
Net cash used in investing activities	(27,495)	(23,854)
Cash Flows from Financing Activities		
Principal payments on financing leases	(1,418)	(2,389)
Net cash used in financing activities	(1,418)	(2,389)
Increase (decrease) in Cash and Restricted Cash	133,768	(91,975)
Cash and Restricted Cash , beginning of year	431,952	523,927
Cash and Restricted Cash , end of year	\$ 565,720	\$ 431,952
Reconciliation of Cash and Restricted Cash		
Cash as presented on the statement of financial position:		
Cash	\$ 504,042	\$ 372,749
Restricted cash	61,678	59,203
Total cash and restricted cash	\$ 565,720	\$ 431,952

See accompanying notes.

1. Nature of the Organization

The Council for Court Excellence (CCE) is a nonprofit, nonpartisan civic organization established in 1982 under the provisions of the District of Columbia Non-Profit Corporation Act. CCE envisions a justice system in Washington, D.C. that equitably serves its people and continues to be a model for creating stronger and more prosperous communities. CCE identifies and proposes solutions by collaborating with diverse stakeholders to conduct research, advance policy, educate the public, and increase civic engagement. CCE works to improve the administration of justice in the local and federal courts and related agencies in the Washington, D.C. metropolitan area.

CCE's programs include:

Criminal Justice: CCE investigates some of the most urgent issues facing D.C.'s criminal legal system, recommends policy and practice reforms that benefit all stakeholders, and advocates for their implementation. Our work spans a wide range of topics, including incarceration, reentry, sentencing, police overtime, sealing criminal records, community perceptions of safety, barriers to employment for returning citizens, and behavioral health treatment for individuals involved in the justice system.

Justice Education: CCE seeks to inform the Washington, D.C. community about local justice issues, their rights, and the legal resources available to them by publishing plain-language guides and facilitating both in-person and virtual presentations aimed at educating and empowering users of the legal system.

Civil Justice: CCE works on a variety of civil justice, access to justice, and court improvement issues. We conduct research to help enhance court effectiveness and transparency. Our collaborative initiatives address barriers to justice, improve access to legal information, and empower individuals to navigate civil court processes confidently – especially those without legal representation. By fostering dialogue and advocating for systems changes, CCE supports high-functioning courts and equitable civil justice for all District residents.

Youth Justice: CCE aims to enhance outcomes for youth in Washington, D.C., who are involved in the juvenile justice, criminal, and child welfare systems. From researching and advocating for school-based services that address root causes of delinquent behavior, family court reforms, to promoting rehabilitation over punishment, CCE is dedicated to building a system that supports the holistic growth and development of young people in the District.

Communication and Other Programs: CCE provides a digital library for reports, community guides, public statements, testimony, and other documents that CCE has created over the years.

2. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of CCE have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). Under the accrual basis revenues and support are recognized when earned and expenses are recognized when the liability for goods and services is incurred, regardless of the timing of the related cash flows.

2. Summary of Significant Accounting Policies (continued)Basis of Presentation

In accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) guidelines, CCE reports information regarding its financial position and activities according to two classes of net assets based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of CCE and changes therein are classified and reported as follows:

- *Net Assets Without Donor Restrictions* – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of CCE. These net assets may be used at the discretion of CCE's management and Board of Directors. Board-designated net assets are reported as net assets without donor restrictions.
- *Net Assets With Donor Restrictions* – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature and will be met by specific actions of CCE or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. CCE did not have any net assets with donor restrictions that are required to be held in perpetuity as of December 31, 2024.

Cash and Restricted Cash

For purposes of the statement of cash flows, cash includes unrestricted cash held in demand accounts and cash held in savings accounts. Restricted cash consists of a deposit account that is to be used at the Board of Directors' discretion.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values. To adjust the carrying value of these investments, the change in fair value is recorded as a component of net investment income. Investment income and unrealized gains and losses are reported as changes in net assets without donor restrictions. Interest and dividends are recorded in income when earned. CCE also invests in money market funds which are recorded at cost, which equals fair value.

Accounts Receivable and Allowance for Credit Losses

Accounts receivable consists of amounts due to the CCE for services rendered. Management determines whether an allowance for credit losses is necessary using historical loss information by aging category adjusted for current economic conditions and reasonable and supportable forecasts. Balances are charged off against the allowance when management believes there is no possibility of recovery. As of December 31, 2024, CCE recorded an allowance for credit losses of \$11,811.

COUNCIL FOR COURT EXCELLENCE

Notes to Financial Statements

December 31, 2024

2. Summary of Significant Accounting Policies (continued)

Grants Receivable

Grants receivable represent amounts unconditionally pledged to CCE and are valued at management's estimate of the amount that will ultimately be collected. All grants receivable are due within one year. The allowance for doubtful grants receivable is based on specific identification of uncollectible accounts and CCE's historical collection experience. Based on management's assessment of the outstanding balances, an allowance for doubtful accounts would be insignificant to the financial statements, and no allowance for uncollectable accounts is deemed necessary as of December 31, 2024.

Revenue Recognition for Contributions and Grants Contributions

CCE recognizes the full amount of the unconditional contributions received in the period that they were made as support without donor restrictions or with donor restrictions depending on the existence and/or nature of any donor restrictions.

CCE reports unconditional gifts of cash and other assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, or a stipulated time restriction ends, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from donor restrictions. When a restricted contribution is received and the conditions are satisfied in the same year, the amount is reported as contributions without donor restrictions.

Revenue from conditional contributions, that is, those with a measurable performance or other barriers and a right of return, are not recognized as revenue until the conditions on which they depend have been met.

State and local governments have awarded grants to support CCE's program activities that are conditioned on performing certain services or incurring certain reimbursable expenses. A maximum amount to be paid over the course of the grant is often specified.

Conditional grant revenue is recognized as CCE meets the conditions in accordance with the agreements. Any amounts received in advance for which conditions have not been met are recorded as refundable advances on the statement of financial position.

Contributed Services and Supplies

Contributions of donated services and supplies that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded as revenue at their fair values in the period received.

Revenue Recognition for Exchange Transactions

CCE recognizes annual membership income over a twelve-month period. Contract services fees, special event revenue, and event registrations revenue are recognized as revenue at the point in time the event or service occurs.

COUNCIL FOR COURT EXCELLENCE

Notes to Financial Statements

December 31, 2024

2. Summary of Significant Accounting Policies (continued)

Property and Equipment

Furniture, office equipment, and leasehold improvements are capitalized at cost when purchased, or fair value at date of donation if contributed, less accumulated depreciation. Expenditures for repairs and maintenance are charged to expense as incurred and additions and improvements that significantly extend the lives of assets are capitalized. Furniture and equipment are depreciated over estimated useful lives of five years using a straight-line method. Leasehold improvements are depreciated over the shorter of the lease term or useful life.

CCE reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Recoverability of these assets is determined by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered impaired, the long-lived assets are then written down to fair value. Fair value is determined based on discounted cash flows or appraised values, depending on the nature of the assets.

Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Functional Allocation of Expenses

The costs of providing programs and other activities have been summarized on a functional basis in the statement of activities. While most costs have been directly assigned to a functional category, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis. Expenses allocated based on time and effort of personnel include the following: salaries, benefits, and payroll taxes, rent, equipment rental, and office expenses.

Reclassifications

Certain amounts in the 2023 summarized comparative information have been reclassified to conform with the presentation in the current year financial statements with no effect on the previously reported change in net assets.

COUNCIL FOR COURT EXCELLENCE

Notes to Financial Statements

December 31, 2024

2. Summary of Significant Accounting Policies (continued)

Tax Exemption Status

CCE is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as *other than a private foundation*. Accordingly, no provision for income taxes has been made in the accompanying financial statements.

Uncertain Tax Positions

CCE follows FASB ASC guidance related to unrecognized tax benefits. The guidance clarifies the accounting for uncertainty in income taxes recognized in CCE's financial statements. This guidance prescribes a minimum probability threshold that a tax position must meet before a financial statement benefit is recognized. The minimum threshold is defined as a tax position that is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than 50% likely of being realized upon ultimate settlement. There are currently no examinations pending or in progress. CCE's tax returns are subject to examination by federal and state tax authorities.

Summarized Comparative Information

The accompanying financial statements are presented with certain prior year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the CCE's financial statements for the year ended December 31, 2023 from which the summarized information was derived.

3. Property and Equipment

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

Furniture and office equipment	\$	40,784
Leased office equipment		5,153
Leasehold improvements		6,575
		52,512
Less: accumulated depreciation		(38,742)
Property and equipment, net	\$	<u>13,770</u>

COUNCIL FOR COURT EXCELLENCE

Notes to Financial Statements

December 31, 2024

4. Investments and Fair Value Measurement

CCE has adopted the provisions of the Fair Value Measurement topic of the FASB ASC. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. This guidance establishes a framework for measuring fair value of financial assets and financial liabilities. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

- *Level 1* – Observable inputs that reflect quoted prices for identical assets or liabilities in active markets, such as stock quotes.
- *Level 2* – Includes inputs other than Level 1 that are directly or indirectly observable in the marketplace, such as yield curves or other market data.
- *Level 3* – Inputs to the valuation methodology which are unobservable and significant to the fair value measurement.

The fair value measurement level of assets or liabilities within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

A description of valuation methodologies used for assets measured at fair value are as follows:

- *Mutual Funds* – Valued at the closing price reported on the active market on which the securities are traded.
- *Common stocks* – Valued at the closing price reported on the active market on which the securities are traded.

The following is a summary of investments as of December 31, 2024:

	Level 1
Mutual funds:	
Stock market index fund	\$ 710,471
Bond market index fund	355,309
Common stocks	1,135
Total investments	<u>\$ 1,066,915</u>

Net investment income consisted of the following for the year ended December 31:

Interest, dividends, and capital gains	\$ 27,251
Realized and unrealized gains	<u>128,058</u>
Total net investment income	<u>\$ 155,309</u>

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Notes to Financial Statements

December 31, 2024

5. Line of Credit

CCE had a \$25,000 line of credit, which was repayable on demand. There were no withdrawals or any outstanding balances as of or during the year ended December 31, 2024. The line of credit matured on April 16, 2024 and was not renewed.

6. Board-Designated Net Assets

The Samuel F. Harahan New Initiatives Fund was established by the Board of Directors to enable CCE to initiate urgently needed new projects before other grant support is available and to conclude ongoing projects where funding is inadequate. This fund, which is also known as the New Initiatives Fund, is used at the discretion of CCE's Executive Committee. As of December 31, 2024, the Board-designated net assets were \$1,128,593.

7. Net Assets With Donor Restrictions

Net assets with donor restrictions consisted of the following at December 31, 2024:

	Beginning Balance	Additions	Released from Restrictions	Ending Balance
Purpose restrictions:				
DC Justice landscape review				
Analysis project	\$ 29,584	\$ -	\$ (29,584)	\$ -
Economic mobility initiatives	108,421	260,868	(174,773)	194,516
Criminal Justice fellowships	85,833	150,000	(185,833)	50,000
Second Chance Hiring Alliance	-	205,000	(86,263)	118,737
Total purpose restricted	<u>\$ 223,838</u>	<u>\$ 615,868</u>	<u>\$ (476,453)</u>	<u>\$ 363,253</u>

8. Employee Benefit Plan

CCE sponsors a retirement plan under Section 403(b) of the Internal Revenue Code for the benefit of its employees. The plan covers all eligible full-time employees. Employees are eligible to receive matching contributions when the employee attains age 21 and completes six months of service. Eligible employees may also make salary reduction contributions to the plan. During the year ended December 31, 2024, CCE contributed \$37,420.

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Notes to Financial Statements

December 31, 2024

9. Financing Lease Agreements for Office Equipment

CCE entered into a copier-printer-scanner lease agreement which requires payments of \$120 per month and matures in July 2025. Future minimum lease payments are as follows:

For the year ending December 31:	
2025	<u>\$ 956</u>
Total undiscounted cash flows	960
Less: present value discount	<u>(4)</u>
Total	<u>\$ 956</u>

10. Operating Lease Agreement

CCE leases its office space under a noncancelable operating lease agreement. The lease requires monthly payments starting at \$8,886 per month from December 1, 2021 to April 30, 2025. The lease also requires additional rent for CCE's proportionate share of operating expenses and real estate taxes, determined annually. At December 31, 2024, monthly rent was \$9,336.

As of December 31, 2024, the right-of-use asset related to the operating lease was as follows:

Right-of-use asset – operating:	
Cost	\$ 315,104
Less: accumulated amortization	<u>(283,047)</u>
Right-of-use asset, net	<u>\$ 32,057</u>

As of December 31, 2024, the liability related to the operating lease was as follows:

Lease liability – operating	<u>\$ 38,222</u>
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The remaining lease term for the operating lease as of December 31, 2024 was 4 months. The weighted-average discount rate for the operating lease as of December 31, 2024 was 1.04%.

Future minimum lease obligations under all operating leases as of December 31, 2024 are as follows:

For the year ending December 31:	
2025	<u>\$ 38,222</u>
Total undiscounted cash flows	38,278
Less: present value discount	<u>(56)</u>
Total	<u>\$ 38,222</u>

COUNCIL FOR COURT EXCELLENCE

Notes to Financial Statements

December 31, 2024

10. Operating Lease Agreements (continued)

CCE records occupancy expense on the straight-line method over the term of the lease and includes cash paid for rent plus amortization of the operating lease liability. For the year ended December 31, 2024, rent expense totaled \$98,791.

11. New Operating Lease Agreement

On September 4, 2024, CCE signed a new noncancelable operating lease agreement, which commences on April 1, 2025. The lease requires monthly payments starting at \$6,490 on April 1, 2025, increasing by 2.5% each year. The lease also requires additional rent for CCE's proportionate share of operating expenses and real estate taxes, as determined annually.

The rent agreement provides a rent abatement for various months during the years ended December 31, 2025, 2026, and 2027. The agreement also includes a relocation allowance reimbursement up to \$11,050, and a reimbursement for certain other costs associated with the move.

Future minimum lease obligations under the new operating lease agreement, including rent abatements, are as follows:

For the year ending December 31:	
2025	\$ 39,721
2026	20,055
2027	62,698
2028	71,465
2029	88,010
2030	<u>90,210</u>
Total undiscounted cash flows	<u>\$ 372,159</u>

12. Risks and Uncertainties

CCE maintains its cash balance in checking and money market accounts with commercial banks and financial institutions. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000 per depositor, per bank. At times, certain balances held within these accounts may not be fully guaranteed or insured by the U.S. federal government.

Investments are exposed to various risks, such as fluctuations in market value and credit risks. As a result, the investment balances reported in the accompanying financial statements may not be reflective of the portfolio's value during subsequent periods.

COUNCIL FOR COURT EXCELLENCE

Notes to Financial Statements

December 31, 2024

13. Liquidity and Availability of Resources

CCE has a goal to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. CCE considers general expenditures to be all expenditures related to its ongoing activities of achieving its mission.

The following table represents CCE's financial assets as of December 31, 2024, reduced by amounts not available for general expenditure within one year:

Financial assets:	
Cash and restricted cash	\$ 565,720
Accounts receivable, net	45,837
Grants receivable	179,632
Investments	<u>1,066,915</u>
Total financial assets	1.858.104
Less: amounts not available to be used for general expenditures within one year for:	
Board designated reserves	(1,128,593)
Net assets with donor restrictions	<u>(363,253)</u>
Financial assets available to meet general obligations within one year	<u>\$ 366.258</u>

14. Subsequent Events

In preparing these financial statements, CCE has evaluated events and transactions for potential recognition or disclosure through October 16, 2025, the date the financial statements were available to be issued. There were no subsequent events that require recognition of, or disclosure in, the financial statements.