

Financial Statements and Independent Auditors' Report

**The Center for American and International
Law**

For the years ended June 30, 2023 and 2022



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THE CENTER FOR AMERICAN AND INTERNATIONAL LAW

JUNE 30, 2023 AND 2022

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LANE GORMAN TRUBITT, LLC
Accountants & Advisors

Independent Auditors' Report

Board of Trustees
The Center for American and International Law

Report on the Financial Statements

We have audited the accompanying financial statements of The Center for American and International Law ("CAIL"), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities and changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Center for American and International Law as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years 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 CAIL 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 CAIL's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements 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.

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

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 CAIL'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 CAIL'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.

Lane Cormen Trubitt, LLC

Dallas, Texas
December 15, 2023

The Center for American and International Law
STATEMENTS OF FINANCIAL POSITION
June 30,

	2023	2022
ASSETS		
Cash and cash equivalents	\$ 712,121	\$ 1,054,278
Restricted cash and cash equivalents	702,558	544,954
Accounts receivable - net	200,645	457,818
Pledges receivable - net	159,976	233,962
Accrued interest receivable	34,437	54,391
Prepaid expenses and other assets	68,512	75,020
Beneficial interest in perpetual trust	490,876	490,838
Investments	21,971,757	21,746,465
Property and equipment - net	7,665,229	7,834,154
Total assets	\$ 32,006,111	\$ 32,491,880
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 349,921	\$ 306,692
Accrued expenses	269,929	337,292
Deferred revenue	282,991	321,780
Total liabilities	902,841	965,764
NET ASSETS		
Without donor restrictions	29,502,934	29,842,620
With donor restrictions	1,600,336	1,683,496
Total net assets	31,103,270	31,526,116
Total liabilities and net assets	\$ 32,006,111	\$ 32,491,880

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

The Center for American and International Law
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
Year ended June 30, 2023
(with comparative totals for the year ended June 30, 2022)

	Without Donor Restrictions	With Donor Restrictions	Total 2023	Total 2022
REVENUES AND SUPPORT				
Tuition from programs	\$ 1,218,651	\$ 11,321	\$ 1,229,972	\$ 951,172
Project income	209,095	-	209,095	115,911
Grant income	180,000	195,090	375,090	348,145
Annual dues	1,001,095	7,470	1,008,565	953,190
Royalties on publications	378,086	-	378,086	317,640
Sponsorships	691,160	-	691,160	642,250
Contributions	601,712	40,075	641,787	304,896
In-kind contributions	60,755	-	60,755	21,875
Miscellaneous	144,225	1,163	145,388	139,707
Investment earnings - net of fees	1,548,378	70,224	1,618,602	(2,083,143)
Total revenues and support	6,033,157	325,343	6,358,500	1,711,643
Net assets released from restrictions	408,503	(408,503)	-	-
Total revenues and support - net of releases	6,441,660	(83,160)	6,358,500	1,711,643
EXPENSES				
Program services:				
Education	4,948,893	-	4,948,893	4,425,188
Supporting services:				
General and administrative	1,298,601	-	1,298,601	1,346,543
Fundraising	533,852	-	533,852	366,180
Total expenses	6,781,346	-	6,781,346	6,137,911
Change in net assets	(339,686)	(83,160)	(422,846)	(4,426,268)
Net assets, beginning of year	29,842,620	1,683,496	31,526,116	35,952,384
Net assets, end of year	\$ 29,502,934	\$ 1,600,336	\$ 31,103,270	\$ 31,526,116

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

The Center for American and International Law
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
Year ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total 2022
REVENUES AND SUPPORT			
Tuition from programs	\$ 948,105	\$ 3,067	\$ 951,172
Project income	115,911	-	115,911
Grant income	-	348,145	348,145
Annual dues	945,990	7,200	953,190
Royalties on publications	317,640	-	317,640
Sponsorships	642,250	-	642,250
Contributions	126,349	178,547	304,896
In-kind contributions	21,875	-	21,875
Miscellaneous	139,333	374	139,707
Investment earnings - net of fees	(2,023,314)	(59,829)	(2,083,143)
Total revenues and support	1,234,139	477,504	1,711,643
Net assets released from restrictions	652,339	(652,339)	-
Total revenues and support - net of releases	1,886,478	(174,835)	1,711,643
EXPENSES			
Program services:			
Education	4,425,188	-	4,425,188
Supporting services:			
General and administrative	1,346,543	-	1,346,543
Fundraising	366,180	-	366,180
Total expenses	6,137,911	-	6,137,911
Change in net assets	(4,251,433)	(174,835)	(4,426,268)
Net assets, beginning of year	34,094,053	1,858,331	35,952,384
Net assets, end of year	\$ 29,842,620	\$ 1,683,496	\$ 31,526,116

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

The Center for American and International Law
STATEMENT OF FUNCTIONAL EXPENSES
Year ended June 30, 2023

	Program	Supporting Services		Total
	Services	General and		
	Education	Administrative	Fundraising	
Salaries and employee benefits	\$ 2,359,647	\$ 950,042	\$ 314,110	\$ 3,623,799
Lecturers and speakers	330,425	-	6,391	336,816
Participant related expenses	772,951	-	88,121	861,072
Printing and supplies	36,418	5,017	12,486	53,921
Equipment expense	331,707	38,921	20,768	391,396
Meeting expense	48,481	-	-	48,481
Depreciation	255,409	67,213	13,443	336,065
Professional services	414,344	89,797	46,394	550,535
Communications	37,921	15,020	9,473	62,414
Employee related expenses	130,800	7,097	10,804	148,701
Grants	117,071	-	-	117,071
Other	113,719	125,494	11,862	251,075
	<u>\$ 4,948,893</u>	<u>\$ 1,298,601</u>	<u>\$ 533,852</u>	<u>\$ 6,781,346</u>

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

The Center for American and International Law
STATEMENT OF FUNCTIONAL EXPENSES
Year ended June 30, 2022

	Program	Supporting Services		Total
	Services	General and		
	Education	Administrative	Fundraising	
Salaries and employee benefits	\$ 2,252,127	\$ 988,429	\$ 110,771	\$ 3,351,327
Lecturers and speakers	245,955	-	769	246,724
Participant related expenses	508,578	285	-	508,863
Printing and supplies	32,674	5,426	2,103	40,203
Equipment expense	341,581	51,336	13,662	406,579
Meeting expense	51,021	180	-	51,201
Depreciation	238,545	58,862	12,392	309,799
Professional services	398,959	89,669	109,573	598,201
Communications	34,088	10,863	13,004	57,955
Employee related expenses	71,299	31,872	96,789	199,960
Grants	119,576	-	-	119,576
Other	130,785	109,621	7,117	247,523
	<u>\$ 4,425,188</u>	<u>\$ 1,346,543</u>	<u>\$ 366,180</u>	<u>\$ 6,137,911</u>

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

The Center for American and International Law
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended June 30,

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (422,846)	\$ (4,426,268)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Realized and unrealized (gains) losses on investments	(930,089)	2,822,835
Realized and unrealized (gains) losses on beneficial interest in perpetual trust	(38)	43,059
Interest and dividend income	(560,694)	(657,996)
Gain on sale of fixed asset	(8,711)	-
Depreciation	336,064	309,799
Amortization	13,578	12,503
Provision for doubtful accounts	(90,965)	22,559
Changes in operating assets and liabilities:		
Accounts receivable	348,138	40,517
Pledges receivable	73,986	(233,962)
Accrued interest receivable	19,954	(32,605)
Prepaid expenses and other assets	6,508	(31,911)
Accounts payable	43,229	96,371
Accrued expenses	(67,363)	26,445
Deferred revenue	(38,789)	99,980
Net cash used in operating activities	(1,278,038)	(1,908,674)
CASH FLOWS FROM INVESTING ACTIVITIES		
Sales of investments and return of capital	12,892,734	6,792,631
Purchases of investments	(11,640,821)	(5,109,124)
Proceeds from sale of fixed assets	10,000	-
Purchases of property and equipment	(168,428)	(553,539)
Net cash provided by investing activities	1,093,485	1,129,968
Net decrease in cash and cash equivalents	(184,553)	(778,706)
Cash and cash equivalent, beginning of year	1,599,232	2,377,938
Cash and cash equivalent, end of year	\$ 1,414,679	\$ 1,599,232
The following table provides a reconciliation of cash, cash equivalents, and restricted cash and cash equivalents reported in the statements of financial position to the totals shown in the statements of cash flows:		
Cash and cash equivalents	\$ 712,121	\$ 1,054,278
Restricted cash and cash equivalents	702,558	544,954
	\$ 1,414,679	\$ 1,599,232

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

The Center for American and International Law
NOTES TO THE FINANCIAL STATEMENTS

BUSINESS ACTIVITY

The Center for American and International Law (“CAIL”) is a Texas nonprofit corporation dedicated to improving the quality of justice through the education for lawyers and law enforcement officials in the United States and throughout the world. Since its founding in 1947, tens of thousands of lawyers and law enforcement officers from all 50 states and more than 130 countries have participated in programs of CAIL. Through its courses, conferences, publications and membership activities, CAIL has earned a reputation for excellence in professional education. Much of CAIL’s work is accomplished through its five educational institutes, each specializing in different areas of the law.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting policies consistently applied in the preparation of the accompanying financial statements is as follows:

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

For record-keeping purposes, CAIL maintains its records on a fund basis, which each fund representing an institute or activity center. Each institute or activity center accounts for revenues and expenses of specific programs (e.g. antitrust law, oil and gas law, police supervision, contract courses, etc.).

Basis of Presentation

CAIL reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of CAIL and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets available for use in general operations and not subject to donor imposed-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Trustees. Grants or contributions that are restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire in the reporting period in which the grant or contribution is recognized.

Net assets with donor restrictions - Net assets subject to donor-imposed stipulations. Some donor-imposed stipulations are temporary in nature, such as those that may or will be met either by actions of CAIL and/or the passage of time. Other donor-imposed stipulations may be permanent in nature, where the donor stipulates that resources be maintained in perpetuity by CAIL. When a restriction expires, 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 restrictions.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Revenue Recognition

Revenue is recognized as CAIL satisfies performance obligations under its contract, in an amount that reflects the consideration that it expects to be entitled to in exchange for those goods or services. The amount and timing of revenue recognition varies based on the nature of the goods provided and the terms and conditions of the member or customer contract. Revenues are recorded net of any sales taxes charged.

The Center for American and International Law
NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Performance obligations are determined based on the nature of the goods or services provided by CAIL in accordance with the contract. Revenue for performance obligations satisfied over time is recognized ratably over the period based on time elapsed. CAIL believes this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation.

Revenue for performance obligations satisfied at a point in time is generally recognized when goods or services are provided to customers at a single point in time and CAIL does not believe it is required to provide additional goods or services related to that sale. CAIL determines the transaction price based on standard charges for goods and services provided. CAIL's revenue streams do not have significant financing components or contract costs.

Tuition From Programs / Project Income

Revenue from contracts for CAIL's programs (training, seminars, workshops and education programs) are reported at the amount that reflects the consideration to which CAIL expects to be entitled in exchange for providing services to the customer. The performance obligations include application processing and providing the applicable training. Revenues are deferred and recognized as performance obligations are satisfied, which is at a point in time, when the program occurs.

Grant Income

Grants revenue result from agreements, typically with government agencies, corporations, or foundations, that fund specific activities of CAIL. The grants and contracts are of two primary types: conditional contributions and contracts with customers. An agreement is a conditional contribution if its primary purpose is to enable CAIL to provide a service to the general public rather than to serve the direct needs of the granting or contracting party. In other words, the agreement is a conditional contribution if any benefit to the granting or contracting party is indirect and insubstantial as compared to the public benefit. In contrast, if the grant or contract provides a benefit directly to the granting or contracting party, the agreement is a contract with a customer.

Conditional grants are recognized as CAIL incurs qualifying expenditures in compliance with rules and regulations established by the grantor. Certain grants may be paid on a cost-reimbursement basis, most often by drawdowns of the grant funds. Any unused funds are forfeited, and if any expenditures are not allowed, CAIL is required to refund the amounts drawn down. Grant activities and outlays are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

Annual Dues

Revenue from contracts with members for annual dues is reported at the amount that reflects the consideration to which CAIL expects to be entitled in exchange for providing membership benefits to its members. Revenues from annual dues are deferred and recognized as performance obligations are satisfied, which is ratably over the membership term. Membership dues are assessed based on the subject base's institutes and the size and classification of the members within those institutes.

Royalties on Publication

Royalties on publications represent amounts earned as a percentage of gross receipts based on the various types of concession sales. Royalties are recognized as performance obligations are satisfied, which is at a point in time when the sales generating the royalties occur.

Sponsorships

Revenue from sponsorships are reported at the amount that reflects the consideration to which CAIL expects to be entitled in exchange for providing services to the customer. Revenues are deferred and recognized as performance obligations are satisfied, which is at a point in time, when the sponsored event occurs.

The Center for American and International Law
NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Contributions

Contributions are recognized as revenues in the period unconditional promises to give are received. All contributions are considered to be without donor restriction use unless specifically restricted by the donor. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value at the time of the contribution.

Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, CAIL reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Contributed Services

CAIL receives donations of time and effort from trustees, advisory board members, program chairs, lecturers and students. Contributed services are reflected in the financial statements at the fair value of the services received. Contributions of services are recognized if the services received (a) create or enhance non-financial assets or (b) require specialized skill that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

For the periods ended June 30, 2023 and 2022, contributed nonfinancial assets recognized within the statements of activities included:

	<u>2023</u>	<u>2022</u>
Lecture fees	\$ 60,755	\$ 21,875

CAIL used these nonfinancial asset contributions in program expenses during fiscal years ended June 30, 2023 and June 30, 2022. Donated services are valued using estimated market prices of identical or similar services if purchased.

Functional Allocation of Expenses

CAIL's main program is to provide continuing education for the legal and law enforcement professions. The costs of providing various programs and supporting services have been summarized on a functional basis in the accompanying statements of functional expenses. Certain categories of expenses that are attributable to more than one program or supporting functional require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation, which is allocated on a square footage basis, as well as salaries and employee benefits, which are allocated based on management's estimate of time and effort. Other expenses, lecturers and speakers, participant related expenses, employee related expenses, professional fees, grant expenses, communication expenses, meeting expenses, printing and supplies expenses, and equipment expense are allocated using specific identification method.

Use of Estimates

The preparation of financial statements in conformity with 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 revenues and expenses during the reporting period. Actual results could differ significantly from those estimates.

Cash and Cash Equivalents

CAIL considers all highly liquid instruments purchased with original maturities of ninety days or less to be cash equivalents. Pursuant to grants by the Texas Court of Criminal Appeals, CAIL is required to maintain grant funds in separate bank accounts. As of June 30, 2023 and 2022, \$702,558 and \$544,954 were maintained in separate bank accounts.

The Center for American and International Law
NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents (Continued)

The funds are used to provide practical educational forums to support members of the criminal justice system, often with a focus on capital trial issues and innocence law.

CAIL maintains cash balances at several financial institutions, which at times may exceed insured limits. CAIL has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk.

Cash and securities maintained through a registered securities dealer are insured up to \$500,000 by the Securities Investor Protection Corporation (“SIPC”). SIPC covers losses from fraud and negligence of the registered securities dealer, but not against market losses or investment return. Balances held in accounts may still at times exceed insured limits. CAIL has not incurred any losses in these accounts, outside normal trading activities, and does not believe that they are exposed to any significant credit risk.

Accounts Receivable

Member dues receivable are stated at the amount of consideration from members of which CAIL has an unconditional right to receive less an estimate made for doubtful accounts. Management periodically reviews accounts on an individual basis. Management considers CAIL’s history with the member and the size of the account in evaluating the allowance for doubtful accounts. Member dues receivable not collected within 75 days after year-end are written off. Recoveries of member dues receivable previously written off are recorded when received. The allowance for uncollectible dues receivable is \$42,340 and \$133,305 at June 30, 2023 and 2022, respectively. In the event of complete nonperformance, the maximum exposure to CAIL is the outstanding receivable balance at the date of nonperformance.

Tuition, royalties and other accounts receivable represent contractual amounts due in the ordinary course of business, of which CAIL has an unconditional right to receive, and are stated at the amount management expects to collect. Management periodically reviews accounts on an individual basis. Management considers CAIL’s history with the obligor and the size of the account in evaluating the allowance for doubtful accounts. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received. In the event of complete nonperformance, the maximum exposure to CAIL is the outstanding receivable balance at the date of nonperformance.

Contributions Receivable

Unconditional promises to give that are expected to be collected within one year are recorded as receivables at their estimated realizable value in the year made. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated cash flows. The discounts on those amounts are computed using the risk-free interest rates applicable to the year in which the promises are received. Amortization of the discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. Management determines its allowance for doubtful contributions based on past due amounts and other available information regarding the current status of individual accounts and current economic conditions. CAIL writes off contributions receivable when they become uncollectible. Recoveries of contributions receivable previously written off are recorded when received. In the event of complete nonperformance, the maximum exposure to CAIL is the outstanding receivable balance at the date of nonperformance.

Investments

JPMorgan Chase Bank, N.A. serves as CAIL’s primary investment manager and manages CAIL’s investment portfolio subject to specific guidelines. CAIL holds a limited number of units of participation with Commonfund, an asset management firm. These units of participation are stated at fair value, based upon the fair value of the underlying assets, as determined by Common fund. Investments in limited liability partnerships are stated at the net asset value. Fair value is determined by the investment managers of the limited liability partnerships based on the net asset value of the underlying collateral. Donated securities are recorded at fair value at the date of donation.

The Center for American and International Law
NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments (Continued)

Realized and unrealized gains and losses on investments are determined by comparison of the actual cost to the proceeds at the time of the disposition or fair values as of the end of the financial statement period. Interest income is recognized on the accrual basis and dividends are recognized on the ex-dividend date. Investment income is presented net of investment fees in the accompanying statements of activities and changes in net assets.

Investments are exposed to various risks, such as interest rate, overall market volatility, and credit risk. Due to the level of risk associated with certain investments held by CAIL, it is at least reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position.

Recent market conditions have resulted in an unusually high degree of volatility and increased the risks and may affect the short term liquidity associated with certain investments held by CAIL which could impact the value of investments after the date of these financial statements. Because the values of individual investments fluctuate with market conditions, the amount of gains or losses that will be recognized in subsequent periods, if any, cannot be determined.

Property and Equipment

Property and equipment are recorded at cost as of the date of acquisition or fair value at the date of gift if donated, less accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, which range from three to fifteen years for furniture and equipment, and fifty years for the building. Rare books and documents are not depreciated. Expenditures for major additions and improvements that substantially increase useful lives are capitalized and minor replacements, repairs and maintenance costs are expensed as incurred. CAIL's policy is to expense repairs and maintenance and all items under \$1,000. When units of property and equipment are retired or otherwise disposed of, their cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is included in operations.

Deferred Revenue

Deferred revenue represents revenues for tuition, annual dues and other events received in the current year which have not been earned at year-end. These amounts will be recorded as revenue at the point when they are considered to be earned.

Federal Income Taxes

CAIL is a nonprofit organization and exempt from federal income tax under 501(c)(3) of the Internal Revenue Code ("IRC"), except to the extent it has unrelated business income. Should CAIL engage in activities unrelated to the purpose for which it was created, taxable income could result. In addition, CAIL been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the IRC. For the years June 30, 2023 and 2022, CAIL had no material net unrelated business income. Accordingly, no provision for income tax has been provided in the accompanying financial statements.

GAAP requires the evaluation of tax positions taken or expected to be taken in the course of preparing CAIL's financial statements to determine whether the tax positions are more likely than not of being sustained by the applicable tax authority. Tax positions not deemed to meet the more likely than not threshold would be recorded as a tax benefit or expense in the current year. A reconciliation is not provided herein, as the beginning and ending amounts of unrecognized benefits are zero, with no interim additions, reductions, or settlements. However, the conclusions regarding accounting for uncertainty in income taxes will be subject to review and may be adjusted at a later date based on factors including, but not limited to, ongoing analysis of tax laws, regulations, and interpretations thereof.

CAIL's informational returns filed in the U.S. federal jurisdiction are generally subject to examination for three years after the later of the due date or date of filing.

The Center for American and International Law
NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recent Accounting Pronouncement

On July 1, 2022, CAIL adopted the provisions of Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 842, Leases. Under the new guidance, CAIL recognized right-of-use (“ROU”) assets and lease liabilities for leases with terms greater than 12 months. Lessees are now required to classify leases as either finance or operating leases. This classification dictates whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease.

CAIL has elected to utilize the following practical expedients:

- CAIL has elected to exclude leases with terms less than 12 months, including any probable renewal options, from balance sheet recognition.

There were no material leases with terms of 12 months or greater.

2. LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position are as follows:

	2023	2022
Financial assets:		
Cash and cash equivalents	\$ 712,121	\$ 1,054,278
Restricted cash and cash equivalents	702,558	544,954
Accounts and pledges receivable - net	360,621	691,780
Accrued interest receivable	34,437	54,391
Beneficial interest in perpetual trust	490,876	490,838
Investments	21,971,757	21,746,465
	24,272,370	24,582,706
Less those unavailable for general expenditures with one year:		
Investments in limited partnerships not redeemable within one year	(1,320,264)	(1,169,316)
Net assets with donor restrictions	(1,600,336)	(1,683,496)
Board designated funds	(5,783,656)	(5,753,543)
Financial assets available for general expenditures within one year	\$ 15,568,114	\$ 15,976,351

CAIL regularly monitors liquidity required to meet its operating needs and other contractual commitments while also striving to maximize the return on investments of its funds not required for annual operations. Cash in excess of daily requirements is invested in various short-term investments with maturities designated to meet obligations as they come due.

Investments designated by the Board of Trustees could be readily liquidated and drawn upon in the event of financial distress or an immediate liquidity need resulting from events outside the typical life cycle of converting financial assets to cash or settling financial liabilities if the Board of Trustees approves that action. In addition to financial assets available to meet general expenditures over the next twelve months, CAIL anticipates collecting sufficient revenues to cover general expenditures.

3. INVESTMENTS AND FAIR VALUE MEASUREMENTS

Under GAAP, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the exit price) in an orderly transaction between market participants in the most advantageous market for the investment or liability at the measurement date. In determining fair value, CAIL uses various valuation approaches. GAAP establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of CAIL. Unobservable inputs reflect CAIL's assumptions about the inputs, that market participants would use in pricing the asset or liability, developed based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 Inputs - Quoted prices (unadjusted) in active markets for identical assets and liabilities. Valuations of these instruments do not require a high degree of judgment since the valuations are based on readily available quoted prices in active markets.

Level 2 Inputs - Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities that are not active; and inputs other than quoted prices that are observable, such as models or other valuation methodologies. Valuations in this category are inherently less reliable than quoted market prices due to the degree of subjectivity involved in determining appropriate methodologies and the applicable underlying assumptions.

Level 3 Inputs - Unobservable inputs for the valuation of the asset or liability. Level 3 assets include investments for which there is little, if any, market activity. These inputs require significant management judgment or estimation. These financial instruments have inputs that cannot be validated by readily determinable market data and generally involve considerable judgment by management.

Accordingly, the degree of judgment exercised by CAIL in determining fair value is greatest for measurements categorized in Level 3. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the fair value measurement. CAIL's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the financial instrument.

Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used as of June 30, 2023 and 2022.

Mutual funds and exchange traded funds: valued at the published market price, which represents the net asset value. The investments in mutual funds and exchange traded funds ("ETFs") are considered Level 1 investments.

Short-term and alternative investments: valued at the published market price, which represents the net asset value. The investments in short-term investments are considered Level 1 investments.

Fixed income securities: valued using quoted prices for investments with similar yields and terms.

Investments in limited partnerships: valued is determined by the sponsor of the respective partnership based on the net asset value of units held by CAIL, which is a market based approach on the fair value of the underlying securities, closing market quotes or other fair value determination of the underlying assets. The net asset values are determined by the sponsor based upon the latest investee information available from the underlying securities, using fair value estimation techniques, substantiated in part, by audited financial statements. However, given the inherent limitations in any estimation technique, the values presented herein are not necessarily indicative of the amount that CAIL could realize in a current transaction.

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3. INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while CAIL believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table summarizes the carrying amounts and estimated fair values by level, within the fair value hierarchy, of CAIL's financial instruments measured at fair value in the statement of financial position at June 30, 2023:

	Carrying Value	Measured at Fair Value	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equity mutual funds and exchange traded funds	\$ 10,343,732	\$ 10,343,732	\$ 10,343,732	\$ -	\$ -
Short-term investments	1,441,538	1,441,538	1,441,538	-	-
Alternative investments	1,337,552	1,337,552	1,337,552	-	-
Fixed income securities	<u>7,528,671</u>	<u>7,528,671</u>	<u>3,186,079</u>	<u>4,342,592</u>	-
	20,651,493	20,651,493	<u>\$ 16,308,901</u>	<u>\$ 4,342,592</u>	<u>\$ -</u>
Investments in limited partnerships (a)	<u>1,320,264</u>	<u>1,320,264</u>			
Total investments at fair value	<u>\$ 21,971,757</u>	<u>\$ 21,971,757</u>			
Beneficial interest in perpetual trust (a)(b)	<u>\$ 490,876</u>	<u>\$ 490,876</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The following table summarizes the carrying amounts and estimated fair values by level, within the fair value hierarchy, of CAIL's financial instruments measured at fair value in the statement of financial position at June 30, 2022:

	Carrying Value	Measured at Fair Value	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equity mutual funds and exchange traded funds	\$ 11,154,531	\$ 11,154,531	\$ 11,154,531	\$ -	\$ -
Short-term investments	757,460	757,460	757,460	-	-
Alternative investments	1,749,232	1,749,232	1,749,232	-	-
Fixed income securities	<u>6,915,926</u>	<u>6,915,926</u>	<u>2,284,879</u>	<u>4,631,047</u>	-
	20,577,149	20,577,149	<u>\$ 15,946,102</u>	<u>\$ 4,631,047</u>	<u>\$ -</u>
Investments in limited partnerships (a)	<u>1,169,316</u>	<u>1,169,316</u>			
Total investments at fair value	<u>\$ 21,746,465</u>	<u>\$ 21,746,465</u>			
Beneficial interest in perpetual trust (a)(b)	<u>\$ 490,838</u>	<u>\$ 490,838</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(a) These investments are valued using net asset value as a practical expedient, and therefore have not been classified in the fair value hierarchy.

(b) *Beneficial interest in perpetual trust*: valued is determined by the custodian of the assets, based on the net asset value of units held by CAIL, which is a market based approach on the fair value of the underlying securities, closing market quotes or other fair value determination of the underlying assets. The net asset values are determined by the custodian based upon the latest investee information available from the underlying securities, using fair value estimation techniques, substantiated in part, by audited financial statements. However, given the inherent limitations in any estimation technique, the values presented herein are not necessarily indicative of the amount that CAIL could realize in a current transaction.

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NOTES TO THE FINANCIAL STATEMENTS

3. INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

The following table provides additional information that will help describe the nature of the investments in limited partnerships:

	Total Amount <u>Committed</u>	Amount <u>Called to Date</u>	Remaining <u>Commitments</u>
Commonfund Capital Private Equity Partners VII, L.P. (c)	\$ 1,000,000	\$ 932,500	\$ 67,500
Endowment Venture Partners IV, L.P. (c)	1,000,000	982,500	17,500
HPS Mezzanine Private Investors III, L.P. (d)	500,000	439,810	60,190
KKR North America Fund XI, L.P. (e)	500,000	493,545	6,455

- (c) Commonfund Capital, Inc. (“CCI”) Partnerships are structured as closed-ended limited partnership investments and do not provide liquidity or redemption options. CCI partnerships do not have liquidity provisions. An investor seeking liquidation will need to consider selling their partnership interest through the secondary market.

Commonfund Capital Private Equity Partners VII, L.P. was organized for the purpose of providing endowment funds and non-profit organizations the opportunity to invest in private investment funds, which in turn, make investments in equity securities, warrants or other options that are generally not actively traded at the time of investment. This limited partnership may also invest in operating companies as direct investments or co-investment opportunities.

Endowment Venture Partners IV, L.P. was organized for the purpose of providing endowment funds and non-profit organizations the opportunity to invest in private investment funds, which in turn, make venture capital investments primarily in emerging growth companies with the objective of obtaining long-term capital growth.

- (d) HPS Mezzanine Private Investors III, L.P. is a closed private equity fund managed by HPS Investment Partners. This fund invests primarily in junior debt and equity securities across a broad set of industries with a focus on North America and Western Europe. The partnership does not have liquidity provisions. An investor seeking liquidation will need to consider selling their partnership interest through the secondary market.
- (e) KKR North America Fund XI, L.P. is a closed private equity fund managed by Kohlberg Kravis Roberts. This fund seeks capital appreciation through direct private equity and other equity and debt related investments. The partnership does not have liquidity provisions. An investor seeking liquidation will need to consider selling their partnership interest through the secondary market.

4. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

	<u>2023</u>	<u>2022</u>
Land	\$ 1,206,737	\$ 1,206,737
Building	9,738,573	9,725,049
Rare books and documents	47,746	47,746
Furniture and equipment	<u>3,233,406</u>	<u>3,148,362</u>
	14,226,462	14,127,894
Less: accumulated depreciation	<u>(6,561,233)</u>	<u>(6,293,740)</u>
	<u>\$ 7,665,229</u>	<u>\$ 7,834,154</u>

Depreciation expense totaled \$336,065 and \$309,799 for the years ended June 30, 2023 and 2022, respectively. Deletions totaled to \$69,859 and \$133,133 for the years ended June 30, 2023 and 2022, respectively.

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NOTES TO THE FINANCIAL STATEMENTS

5. CONTRIBUTIONS RECEIVABLE

Unconditional promises to give consist of the following at June 30, 2023:

2024	\$	150,750
2025		<u>25,000</u>
Total		175,750
Unamortized discount on contributions		<u>(15,774)</u>
	\$	<u><u>159,976</u></u>

Unconditional promises to give are reflected at the present value of future cash flows using discount rates ranging from 2% to 3% for unconditional promises to give due in more than one year.

6. PENSION PROGRAM

CAIL has a safe harbor 403(b) plan in place to provide substantially all employees an opportunity to save for retirement on a tax-advantage basis. CAIL matches 100% of the first 6% of eligible compensation contributed by the employee as a safe harbor matching contribution. Pension expense for the years ended June 30, 2023 and 2022 amounted to \$116,451 and \$90,392, respectively.

7. NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions are available for the following purposes at June 30:

	<u>2023</u>	<u>2022</u>
Undesignated funds	\$ 23,719,278	\$ 24,089,077
Board designated funds:		
Designated as reserves	5,210,018	5,235,405
Co-sponsored activities	19,658	19,658
Academy scholarships	103,980	102,445
Energy law reserve	<u>450,000</u>	<u>396,035</u>
	<u>5,783,656</u>	<u>5,753,543</u>
Total net assets without donor restrictions	<u><u>\$ 29,502,934</u></u>	<u><u>\$ 29,842,620</u></u>

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NOTES TO THE FINANCIAL STATEMENTS

8. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods at June 30:

	<u>2023</u>	<u>2022</u>
Perpetual in nature:		
Law Enforcement Institute activities	\$ 70,000	\$ 70,000
International legal activities	124,085	124,085
Activities of CAIL	126,000	126,000
Vester Hughes Fellows Fund	<u>500,000</u>	<u>500,000</u>
	820,085	820,085
Restricted for time	84,226	150,962
For a specified purpose:		
Criminal justice training	476,275	544,954
Higginbotham lecture series	133,158	126,310
Law Enforcement Institute alumni	26,570	20,076
Law Enforcement Institute activities	24,259	30,271
Vester Hughes Fellows Fund	(4,835)	(9,162)
Technology	20,299	-
Karamanian	<u>20,299</u>	<u>-</u>
	696,025	712,449
	<u>\$ 1,600,336</u>	<u>\$ 1,683,496</u>

9. NET ASSETS RELEASED FROM RESTRICTIONS

The following is a summary of net assets released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of events specified by the donors for the years ended June 30:

	<u>2023</u>	<u>2022</u>
Criminal justice training	\$ 275,090	\$ 314,529
Rule of Law	-	26,123
Capital improvements	-	282,460
Pledges	66,736	-
Law Enforcement Institute alumni	3,303	2,110
Law Enforcement Institute activities	10,615	8,600
International Legal activities	6,728	-
CAIL activities	6,832	-
Vester Hughes Fellows Fund	<u>39,199</u>	<u>18,517</u>
	<u>\$ 408,503</u>	<u>\$ 652,339</u>

10. ENDOWMENT

The CAIL's endowment consists of individual endowment funds established for a variety of purposes including both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments (quasi-endowments).

Net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. Endowment funds without donor restriction represent the Board-designated endowment.

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10. ENDOWMENT (Continued)

Interpretation of Relevant Law

The Board of Trustees of CAIL has interpreted the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”), adopted by the State of Texas, as allowing CAIL, absent donor stipulations to the contrary as stated in the gift instrument, to appropriate so much of a donor-restricted endowment fund as CAIL determines is prudent for the uses, benefits, purposes, and duration for which the endowment is established. The assets in the endowment fund remain restricted until appropriated for expenditure by CAIL. The following factors are considered in making a determination to appropriate or accumulate donor-restricted endowment funds: 1) the duration and preservation of the fund; 2) the purposes of CAIL and the donor-restricted endowment fund; 3) general economic conditions; 4) the possible effect of inflation and deflation; 5) the expected total return from income and the appreciation of investments; 6) other resources of CAIL; and 7) the investment policies of CAIL.

CAIL’s endowments by net asset class as of June 30, 2023, in total and by type of endowment fund, showing donor-restricted endowment fund activity separately from Board-designated quasi-endowment funds, are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 833,091	\$ 833,091
Board-designated quasi-endowment funds	533,980	-	553,980
Total	<u>\$ 533,980</u>	<u>\$ 833,091</u>	<u>\$ 1,387,071</u>

CAIL’s endowments by net asset class as of June 30, 2022, in total and by type of endowment fund, showing donor-restricted endowment fund activity separately from Board-designated quasi-endowment funds, are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 825,810	\$ 825,810
Board-designated quasi-endowment funds	498,480	-	498,480
Total	<u>\$ 498,480</u>	<u>\$ 825,810</u>	<u>\$ 1,324,290</u>

The summary of changes in endowment assets for the years ended June 30, 2023 and June 30, 2022 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, June 30, 2021	\$ 408,281	\$ 886,739	\$ 1,295,020
Total investment return	(94,717)	(41,312)	(136,029)
Contributions	19,477	-	19,477
Transfers	172,079	-	172,079
Appropriation of endowment assets for expenditure	(6,640)	(19,617)	(26,257)
Endowment net assets, June 30, 2022	498,480	825,810	1,324,290
Total investment return	35,562	61,690	97,252
Contributions	32,492	-	32,492
Transfers	(8,534)	-	(8,534)
Appropriation of endowment assets for expenditure	(4,020)	(54,409)	(58,429)
Endowment net assets, June 30, 2023	<u>\$ 553,980</u>	<u>\$ 833,091</u>	<u>\$ 1,387,071</u>

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10. ENDOWMENT (Continued)

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires CAIL to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported in net assets with donor restrictions. Deficiencies result from unfavorable market fluctuations that occur shortly after the investment of new contributions with donor restrictions and continued appropriation for certain programs that was deemed prudent by the Board of Trustees. Subsequent gains that restore the fair value of the assets of the endowment fund to the required level will be classified as an increase net assets without donor restrictions. As of June 30, 2023, funds with original gift value of \$500,000, fair value of \$495,165, and deficiencies of \$4,835 were reported in net assets with donor restrictions. There was a total deficiency of \$9,162 at June 30, 2022.

Investment Policy Statement

CAIL has adopted investment and spending policies, approved by the Board of Trustees, to task the investment managers to manage the CAIL's investment portfolio subject to these guidelines: 1) CAIL depends on its investment portfolio to provide substantial operating funds on an annual basis; 2) CAIL is a not-for-profit organization that has a historical mission to provide adult education and it intends to continue in perpetuity; and 3) CAIL's risk tolerance is moderate.

The most important component of an investment strategy is the asset mix, or the allocation between various asset classes available to CAIL for investment purposes. The general policy is to diversify investments to provide a balance that will enhance total return while avoiding undue risk concentration in any single asset class or investment category. Targets and allowable ranges are as follows:

	Target	Allowable Ranges
Equities	50%	35% - 65%
Alternative assets	9%	0% - 24%
Fixed income and cash	41%	26% - 56%
	100%	

Spending Policy

It is CAIL's policy to liquidate annually up to 5% of the market value at March 31st of a three year moving average of the marketable investments. The asset base used in the calculation includes reinvested income and appreciation, both earned and unearned.

11. COMMITMENTS, CONTINGENCIES, AND CONCENTRATIONS

Lease Commitments

CAIL leases office equipment under various non-cancelable operating lease agreements. Management expects that, in the normal course of business, leases that expire will be renewed or replaced by other leases. The following is a schedule of future minimum lease payments required by non-cancellable operating leases with initial or remaining terms in excess of one year at June 30:

2024		\$ 18,610
2025		19,072
2026		19,072
2027		19,072
2028		3,001
		\$ 78,827

Total equipment rental expense was \$23,129 and \$23,321 for the years ended June 30, 2023 and 2022, respectively.

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NOTES TO THE FINANCIAL STATEMENTS

11. COMMITMENTS, CONTINGENCIES, AND CONCENTRATIONS (Continued)

Contingencies

In the normal course of business, CAIL may become involved in certain legal actions, claims or disputes. As of June 30, 2023, management was not aware of any such actions against CAIL for which an unfavorable outcome would have a material adverse effect upon the operations or results of CAIL.

Concentrations

Approximately 74% of fiscal 2023 outstanding contributions receivable were from four donors, three of which are related parties. Approximately 87% of fiscal 2022 outstanding contributions receivable were from four donors, three of which are related parties.

Approximately 22% and 64% of outstanding other receivable were from one customer and two customers as of June 30, 2023 and 2022, respectively.

12. BENEFICIAL INTEREST IN PERPETUAL TRUST

CAIL has been named as an irrevocable beneficiary of a perpetual trust held and administered by an independent trustee. The perpetual trust provides for the distribution of the net income of the trust to CAIL; however, CAIL will never receive the assets of the trust. The perpetual trust is invested in the HighGround Capstone Endowment Fund (the "Fund"). Northern Trust Company serves as the custodian of the Fund and carries out all administrative services related to the Fund, including calculating the Fund's net asset value, unit values, income distributions and other distributions. The Fund is a commingled investment fund designed for long-term endowment assets and employs a globally diversified multi-asset class strategy with a risk and return profile that aligns with the perpetual investment horizon and long-term objectives of endowment assets. The Fund is managed as a fund-of-funds and constructed using HighGround's asset class funds including public equity and fixed income, as well as illiquid and semi-liquid alternative investments to reduce portfolio risk and enhance long-term investment performance. The beneficial interest in the trust is reported at the fair value of the trust's assets in the statements of financial position, with trust distributions and changes in fair value recognized in the statements of activities and changes in net assets. The earnings (loss) from this trust for the years ended June 30, 2023 and 2022 were \$38 and (\$43,059), respectively.

13. SUBSEQUENT EVENTS

CAIL has evaluated subsequent events through December 15, 2023, the date the financial statements were available to be issued.