Financial Statements

The Voter Participation Center

For the Year Ended December 31, 2019
With Summarized Financial
Information for 2018

THE VOTER PARTICIPATION CENTER

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Voter Participation Center
Washington, D.C.

We have audited the accompanying financial statements of The Voter Participation Center (VPC), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities and change in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of VPC as of December 31, 2019, and the change in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited VPC's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 6, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Gelman Rosenberg & Freedman

September 8, 2020

THE VOTER PARTICIPATION CENTER

STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2019
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2018

ASSETS

	2019	2018
CURRENT ASSETS		
Cash and cash equivalents	$ 25,011,306	$ 4,488,981
Investments	14,968	-
Contributions receivable	1,002,922	50,921
Accounts receivable	3,991	-
Due from related entity	165,793	383,796
Prepaid expenses	29,833	32,159
Total current assets	26,228,813	4,955,857
FIXED ASSETS		
Software	3,144	3,144
Computer equipment	181,977	77,336
	185,121	80,480
Less: Accumulated depreciation and amortization	(88,275)	(68,803)
Net fixed assets	96,846	11,677
OTHER ASSETS		
Deposit	11,999	11,999
Intangible assets	977,143	-
Total other assets	989,142	11,999
TOTAL ASSETS	**$ 27,314,801**	**$ 4,979,533**

LIABILITIES AND NET ASSETS

	2019	2018
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 1,027,083	$ 818,491
Refundable advances	1,501,332	-
Total current liabilities	2,528,415	818,491
LONG-TERM LIABILITIES		
Deferred rent, net of current portion	174,799	-
Total liabilities	2,703,214	818,491
NET ASSETS		
Without donor restrictions	8,155,264	4,161,042
With donor restrictions	16,456,323	-
Total net assets	24,611,587	4,161,042
TOTAL LIABILITIES AND NET ASSETS	**$ 27,314,801**	**$ 4,979,533**

See accompanying notes to financial statements.

THE VOTER PARTICIPATION CENTER

STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2019
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2018

	2019			2018
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	**Total**
REVENUE				
Foundation grants and contracts	$ 4,859,529	$ 16,466,323	$ 21,325,852	$ 4,915,788
Contributions	8,314,126	-	8,314,126	21,425,661
Investment income, net	3,063	-	3,063	588
Net assets released from donor restrictions	10,000	(10,000)	-	-
Total revenue	13,186,718	16,456,323	29,643,041	26,342,037
EXPENSES				
Program Services	6,239,990	-	6,239,990	20,235,539
Supporting Services:				
Management and General	1,803,005	-	1,803,005	1,215,010
Fundraising	1,149,501	-	1,149,501	1,031,815
Total supporting services	2,952,506	-	2,952,506	2,246,825
Total expenses	9,192,496	-	9,192,496	22,482,364
Change in net assets	3,994,222	16,456,323	20,450,545	3,859,673
Net assets at beginning of year	4,161,042	-	4,161,042	301,369
NET ASSETS AT END OF YEAR	**$ 8,155,264**	**$ 16,456,323**	**$ 24,611,587**	**$ 4,161,042**

THE VOTER PARTICIPATION CENTER

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2018

	2019					2018
		Supporting Services				
	Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses	Total Expenses
Salaries and benefits	$ 533,816	$ 583,379	$ 152,388	$ 735,767	$ 1,269,583	$ 1,095,578
Payroll taxes	36,313	37,760	11,605	49,365	85,678	73,340
Program fees	3,473,945	-	-	-	3,473,945	17,668,078
Professional fees	1,157,599	613,420	799,416	1,412,836	2,570,435	2,140,302
Occupancy	7,504	315,783	-	315,783	323,287	124,201
Insurance	-	14,211	-	14,211	14,211	10,638
Depreciation and amortization	-	19,472	-	19,472	19,472	9,159
Lists	875,969	-	-	-	875,969	695,328
Telephone	-	20,175	-	20,175	20,175	23,778
Travel, conferences and meetings	39,080	66,712	180,993	247,705	286,785	165,596
Postage and delivery	26,043	2,198	1,648	3,846	29,889	35,132
Office supplies and expenses	-	50,935	-	50,935	50,935	4,822
Dues and subscriptions	20,050	24,812	3,325	28,137	48,187	42,795
Website	89	10,346	53	10,399	10,488	5,655
Bank fees	-	28,205	-	28,205	28,205	34,466
Advertising and promotion	60,154	-	-	-	60,154	328,717
Printing and copying	4,928	14,661	73	14,734	19,662	8,094
Other	4,500	936	-	936	5,436	16,685
TOTAL	**$ 6,239,990**	**$ 1,803,005**	**$ 1,149,501**	**$ 2,952,506**	**$ 9,192,496**	**$ 22,482,364**

See accompanying notes to financial statements.

THE VOTER PARTICIPATION CENTER

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 20,450,545	$ 3,859,673
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	19,472	9,159
Receipt of contributed securities	(374,085)	-
Proceeds from the sale of contributed securities	359,282	-
Unrealized gain	(165)	-
Contributed intangle assets	(977,143)	-
(Increase) decrease in:		
Contributions receivable	(952,001)	721,333
Accounts receivable	(3,991)	-
Due from related entity	218,003	(383,796)
Prepaid expenses	2,326	(180)
Increase (decrease) in:		
Accounts payable and accrued liabilities	208,592	33,512
Refundable advances	1,501,332	-
Due to related entity	-	(116,819)
Deferred rent	174,799	-
Net cash provided by operating activities	20,626,966	4,122,882
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(104,641)	-
Net cash used by investing activities	(104,641)	-
Net increase in cash and cash equivalents	20,522,325	4,122,882
Cash and cash equivalents at beginning of year	4,488,981	366,099
CASH AND CASH EQUIVALENTS AT END OF YEAR	**$ 25,011,306**	**$ 4,488,981**

See accompanying notes to financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

The Voter Participation Center (VPC) is a non-profit organization, incorporated and located in Washington, D.C. VPC conducts and disseminates research about unmarried women and patterns of voter engagement and encourages participation in the democratic process. VPC's primary source of revenue is from individuals and foundation/trust grants.

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entitie*s. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories are as follows:

- **Net Assets Without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions". Assets restricted solely through the actions of the Board are referred to as Board Designated and are also reported as net assets without donor restrictions.

- **Net Assets With Donor Restrictions -** Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in "net assets with donor restrictions", depending on the nature of the restrictions. 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 Change in Net Assets as net assets released from donor restrictions. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service.

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with VPC's financial statements for the year ended December 31, 2018, from which the summarized information was derived.

New accounting pronouncements adopted -

During 2019, VPC early adopted Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606), as amended. The ASU provides a framework for recognizing revenue and is intended to improve comparability of revenue recognition practices across for-profit and non-profit entities. Analysis of the various provisions of this standard resulted in no significant changes in the way VPC recognized revenue; however, the presentation and disclosures of revenue have been enhanced. VPC has elected to opt out of all (or certain) disclosures not required for nonpublic entities and also elected a modified retrospective approach for implementation.

Also, during 2019, VPC adopted ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made.*

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

New accounting pronouncements adopted (continued) -

This guidance is intended to clarify and improve the scope and the accounting guidance for contributions received and contributions made. Key provisions in this guidance include clarification regarding the accounting for grants and contracts as exchange transactions or contributions, and improve guidance to better distinguish between conditional and unconditional contributions. VPC adopted the ASU using a modified prospective basis.

Cash and cash equivalents -

VPC considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

Bank deposit accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of $250,000. At times during the year, VPC maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

Investments -

Investments are recorded at their readily determinable fair value. Interest, dividends, realized and unrealized gains and losses are included in investment income net of investment expenses in the Statement of Activities and Change in Net Assets.

Contributions and accounts receivable -

Contributions and accounts receivable approximate fair value. Management considers all amounts to be fully collectible within one year. Accordingly, an allowance for doubtful accounts has not been established.

Fixed assets -

Fixed assets in excess of $1,000 are capitalized and stated at cost. Fixed assets are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three to five years. The cost of maintenance and repairs is recorded as expenses are incurred. Depreciation and amortization expense for the year ended December 31, 2019 totaled $19,472.

Intangible assets -

Intangible assets consist of donated cryptocurrency shares that are considered to be indefinite-lived. Cryptocurrency shares are recorded at their fair market value as of the date of the gift. Management evaluates the useful remaining life of these shares each reporting period to determine whether events and circumstances continue to support an indefinite useful life. The cryptocurrency shares are tested for impairment annually and more frequently if events or changes in circumstances indicate that it is more likely than not that the asset is impaired. In February 2020, the intangible assets were sold for approximately $1,435,000 and converted to cash.

Income taxes -

VPC is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements. VPC is not a private foundation.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Uncertain tax positions -

For the year ended December 31, 2019, VPC has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements.

Contributions, grants and contracts -

The majority of VPC's revenue is received through contributions as well as contracts and grants. Contributions and grants are recognized in the appropriate category of net assets in the period received. VPC performs an analysis of the individual contribution, grant and contract to determine if the revenue streams follow the contribution rules or if they should be recorded as an exchange transaction depending upon whether the transactions are deemed reciprocal or nonreciprocal.

For contributions and grants and contracts qualifying under the contribution rules, revenue is recognized upon notification of the award and satisfaction of all conditions, if applicable. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions and grants and contracts qualifying as contributions that are unconditional that have donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions; such funds in excess of expenses incurred are shown as net assets with donor restrictions in the accompanying financial statements.

Grant and contract agreements qualifying as conditional contributions contain a right of return and a barrier. Revenue is recognized when the condition or conditions are satisfied. These transactions are nonreciprocal and classified as conditional and are recognized as contributions when the revenue becomes unconditional. They also contain a right of return and measurable performance barriers. VPC had $1,501,332 in unrecognized conditional promises to give as of December 31, 2019. Funds received in advance of overcoming such barriers are recorded as refundable advances.

Donor-restricted support that was initially a conditional contribution and for which the donor-imposed conditions and restrictions are met in the same reporting period are reported as net assets without donor restrictions.

In-kind contributions -

In-kind contributions consist of contributed professional services benefiting VPC's programs. In-kind contributions are recorded at their fair market value as of the date of the gift.

Use of estimates -

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities and Change in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses directly attributed to a specific functional area of VPC are reported as direct expenses to the programmatic area and those expenses that benefit more than one function are allocated on a basis of estimated time and effort.

Risks and uncertainties -

VPC invests in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

Fair value measurement -

VPC adopted the provisions of FASB ASC 820, *Fair Value Measurement*. FASB ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs (assumptions that market participants would use in pricing assets and liabilities, including assumptions about risk) used to measure fair value, and enhances disclosure requirements for fair value measurements. VPC accounts for a significant portion of its financial instruments at fair value or considers fair value in their measurement.

New accounting pronouncements (not yet adopted) -

FASB issued ASU 2019-01, *Leases* (Topic 842). The ASU changes the accounting treatment for operating leases by recognizing a lease asset and lease liability at the present value of the lease payments in the Statement of Financial Position and disclosing key information about leasing arrangements. During 2020, the FASB issued ASU 2020-05 and delayed the implementation date by one year. The ASU is effective for non public entities beginning after December 15, 2021. Early adoption is still permitted. The ASU can be applied at the beginning of the earliest period presented using a modified retrospective approach or applied at the beginning of the period of adoption recognizing a cumulative-effect adjustment.

VPC plans to adopt the new ASU at the required implementation date and management is currently in the process of evaluating the adoption method and the impact of the new standards on its accompanying financial statements.

2. INVESTMENTS

Investments, at fair value, consisted of the following as of December 31, 2019:

Common stocks	$ 14,692
Mutual funds	276
TOTAL INVESTMENTS	**$ 14,968**

2. INVESTMENTS (Continued)

Included in investment income are the following for the year ended December 31, 2019:

Interest and dividends, net	$ 2,797
Unrealized gain	165
Realized gain	101
TOTAL INVESTMENT INCOME, NET	**$ 3,063**

3. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at December 31, 2019:

Subject to expenditure for specified purpose	$ 15,456,323
Subject to passage of time	1,000,000
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	**$ 16,456,323**

The following net assets with donor restrictions were released from donor restrictions by incurring expenses (or through the passage of time) which satisfied the restricted purposes specified by the donors:

Purpose Restrictions Accomplished	**$ 10,000**

4. LIQUIDITY AND AVAILABILITY

Financial assets available for use for general expenditures within one year of the Statement of Financial Position date comprise the following:

Cash and cash equivalents	$ 25,011,306
Investments	14,968
Contributions receivable	1,002,922
Accounts receivable	3,991
Due from related entity	165,793
Subtotal financial assets available within one year	26,198,980
Less: Donor restricted funds	(15,456,323)
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	**$ 10,742,657**

VPC has a policy to structure its financial assets to be available and liquid as its obligations become due. In February 2020, the intangible assets were sold for approximately $1,435,000 and converted to cash. In addition, VPC has a line of credit agreement (as further discussed in Note 5) which allows for additional available borrowings up to $1,000,000.

5. LINE OF CREDIT

VPC has a $500,000 revolving bank line of credit which matures in February 2020. Interest shall accrue on the unpaid outstanding principal balance of the line of credit at a floating rate equal to the Index plus 0.50% (4.75% as of December 31, 2019). There was no outstanding balance on the line of credit as of December 31, 2019. The line of credit is collateralized by all business assets belonging to VPC.

5. LINE OF CREDIT (Continued)

In February 2020, the line of credit expired and VPC secured a new $1,000,000 line of credit which matures in July 2021.

6. LEASE COMMITMENT

In April 2013, VPC entered into a four-year lease for office space. In December 2016, VPC extended the lease for two years expiring on June 30, 2019. Base rent was $143,985 and $148,950 per year, respectively, plus a proportionate share of expenses, increasing by a factor of 2.5% per year. In February 2019, this lease was terminated, and VPC entered into a new 135-month lease for office space. Base rent is $293,813 per year, plus a proportionate share of expenses, increasing by a factor of 2.5% per year. The lease terms include 50% abatement of base rent for the first 18 months.

Accounting principles generally accepted in the United States require that the total rent commitment should be recognized on a straight-line basis over the term of the lease. Accordingly, the difference between the actual monthly payments and the rent expense being recognized for financial statement purposes is recorded as a deferred rent liability in the Statement of Financial Position.

The future minimum lease payments under this lease are as follows:

Year Ending December 31,	
2020	$ 225,857
2021	308,655
2022	316,349
2023	324,285
2024	332,402
Thereafter	1,887,294
	$ 3,394,842

Rent expense for the year ended December 31, 2019 totaled $314,867, which is net of $21,724 of rental reimbursements received from a related entity, and is included in occupancy in the accompanying Statement of Functional Expenses.

7. FAIR VALUE MEASUREMENT

In accordance with FASB ASC 820, *Fair Value Measurement*, the VPC has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Investments recorded in the Statement of Financial Position are categorized based on the inputs to valuation techniques as follows:

Level 1. These are investments where values are based on unadjusted quoted prices for identical assets in an active market the VPC has the ability to access.

Level 2. These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

7. FAIR VALUE MEASUREMENT (Continued)

Level 3. These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the methodologies used as of December 31, 2019.

- *Common stocks* - Valued at the closing price reported on the active market in which the individual securities are traded.

- *Mutual funds* - Valued at the daily closing price as reported by the fund. Mutual funds held by VPC' are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily net asset value (NAV) and to transact at that price. he mutual funds held by the VPC' are deemed to be actively traded.

	Level 1	Level 2	Level 3	Total
Investments:				
Common stocks	$ 14,692	$ -	$ -	$ 14,692
Mutual funds	276	-	-	276
TOTAL INVESTMENTS	**$ 14,968**	**$ -**	**$ -**	**$ 14,968**

There were no transfers between levels in the fair value hierarchy during the year ended December 31, 2019. Transfers between levels are recorded at the end of the reporting period, if applicable.

8. RELATED ENTITY

VPC and the Center for Voter Information (CVI), formerly Women's Voices. Women Vote Action Fund, share an office, other administrative expenses, staff and two members of the Board of Directors, including the President. The Boards of Directors do not exercise significant influence over the activities of the other organization; accordingly, the financial statements of CVI and VPC have not been consolidated. During the year ended December 31, 2019, VPC and CVI incurred shared expenses of approximately $687,308. As of year-end, VPC had a receivable of $165,793 due from CVI for shared expenses.

9. RETIREMENT PLAN

In November 2009, VPC established a 403(b) retirement plan for its employees. The Plan covers all full-time employees with one-year of eligible experience. For the year ended December 31, 2019, there were no contributions to the Plan.

10. SUBSEQUENT EVENTS

In preparing these financial statements, VPC has evaluated events and transactions for potential recognition or disclosure through September 8, 2020, the date the financial statements were issued.

On March 11, 2020, the World Health Organization declared the Coronavirus disease (COVID-19) a global pandemic. As a result of the spread of COVID-19, economic uncertainties have arisen which may negatively impact VPC's operations. The overall potential impact is unknown at this time.