

## **FINANCIAL STATEMENTS**



**FOR THE YEAR ENDED DECEMBER 31, 2020  
WITH SUMMARIZED FINANCIAL  
INFORMATION FOR 2019**

# 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, 2020, 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, 2020, 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.

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### **Report on Summarized Comparative Information**

We have previously audited VPC's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 8, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in cursive script that reads "Gelman Rosenberg & Friedman".

January 10, 2022

**THE VOTER PARTICIPATION CENTER**  
**STATEMENT OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2020**  
**WITH SUMMARIZED FINANCIAL INFORMATION FOR 2019**

<b>ASSETS</b>			
		<b>2020</b>	<b>2019</b>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$	1,403,404	\$ 25,011,306
Investments		11,880,632	14,968
Contributions receivable		1,445,121	1,002,922
Accounts receivable		-	3,991
Due from related entity		2,456,567	165,793
Prepaid expenses		<u>809,168</u>	<u>29,833</u>
Total current assets		<u>17,994,892</u>	<u>26,228,813</u>
<b>FIXED ASSETS</b>			
Software		3,144	3,144
Computer equipment		<u>209,717</u>	<u>181,977</u>
		212,861	185,121
Less: Accumulated depreciation and amortization		<u>(116,425)</u>	<u>(88,275)</u>
Net fixed assets		<u>96,436</u>	<u>96,846</u>
<b>OTHER ASSETS</b>			
Deposit		11,999	11,999
Intangible assets		<u>-</u>	<u>977,143</u>
Total other assets		<u>11,999</u>	<u>989,142</u>
<b>TOTAL ASSETS</b>		<b><u>\$ 18,103,327</u></b>	<b><u>\$ 27,314,801</u></b>
<b>LIABILITIES AND NET ASSETS</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable and accrued liabilities	\$	2,554,938	\$ 1,027,083
Refundable advances		<u>-</u>	<u>1,501,332</u>
Total current liabilities		2,554,938	2,528,415
<b>LONG-TERM LIABILITIES</b>			
Deferred rent		<u>263,763</u>	<u>174,799</u>
Total liabilities		<u>2,818,701</u>	<u>2,703,214</u>
<b>NET ASSETS</b>			
Without donor restrictions		15,284,626	8,155,264
With donor restrictions		<u>-</u>	<u>16,456,323</u>
Total net assets		<u>15,284,626</u>	<u>24,611,587</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>		<b><u>\$ 18,103,327</u></b>	<b><u>\$ 27,314,801</u></b>

See accompanying notes to financial statements.

## THE VOTER PARTICIPATION CENTER

**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2019**

	<u>2020</u>			<u>2019</u>
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Total</u>
<b>REVENUE</b>				
Foundation grants and contracts	\$ 27,012,591	\$ -	\$ 27,012,591	\$ 21,325,852
Contributions	58,728,434	-	58,728,434	8,314,126
Investment income, net	1,926,836	-	1,926,836	3,063
Miscellaneous revenue	107	-	107	-
Gain on sale of cryptocurrency	459,695	-	459,695	-
Net assets released from donor restrictions	<u>16,456,323</u>	<u>(16,456,323)</u>	<u>-</u>	<u>-</u>
Total revenue	<u>104,583,986</u>	<u>(16,456,323)</u>	<u>88,127,663</u>	<u>29,643,041</u>
<b>EXPENSES</b>				
Program Services	<u>91,879,823</u>	<u>-</u>	<u>91,879,823</u>	<u>6,239,990</u>
Supporting Services:				
Management and General	3,295,391	-	3,295,391	1,803,005
Fundraising	<u>2,279,410</u>	<u>-</u>	<u>2,279,410</u>	<u>1,149,501</u>
Total supporting services	<u>5,574,801</u>	<u>-</u>	<u>5,574,801</u>	<u>2,952,506</u>
Total expenses	<u>97,454,624</u>	<u>-</u>	<u>97,454,624</u>	<u>9,192,496</u>
Change in net assets	7,129,362	(16,456,323)	(9,326,961)	20,450,545
Net assets at beginning of year	<u>8,155,264</u>	<u>16,456,323</u>	<u>24,611,587</u>	<u>4,161,042</u>
<b>NET ASSETS AT END OF YEAR</b>	<b><u>\$ 15,284,626</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 15,284,626</u></b>	<b><u>\$ 24,611,587</u></b>

**THE VOTER PARTICIPATION CENTER**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**  
**WITH SUMMARIZED FINANCIAL INFORMATION FOR 2019**

	2020				2019
	Supporting Services				
	Program Services	Management and General	Fundraising	Supporting Services	Total Expenses
Salaries and benefits	\$ 1,168,071	\$ 1,696,240	\$ 204,100	\$ 1,900,340	\$ 3,068,411
Payroll taxes	70,560	91,894	14,149	106,043	176,603
Program fees	80,170,794	-	-	-	80,170,794
Partner pass-throughs	7,098,000	-	-	-	7,098,000
Professional fees	2,299,121	752,956	2,012,584	2,765,540	5,064,661
Lists	809,982	-	-	-	809,982
Occupancy	11,380	277,146	-	277,146	288,526
Bank fees	-	278,242	-	278,242	278,242
Advertising and promotion	168,929	-	-	-	168,929
Office supplies and expenses	-	56,683	36,064	92,747	92,747
Website	51,112	14,010	-	14,010	65,122
Dues and subscriptions	20,664	39,635	2,580	42,215	62,879
Depreciation and amortization	-	28,150	-	28,150	28,150
Telephone	-	28,002	69	28,071	28,071
Travel, conferences and meetings	7,760	8,470	9,460	17,930	25,690
Printing and copying	-	9,617	-	9,617	9,617
Postage and delivery	3,450	4,713	404	5,117	8,567
Insurance	-	7,191	-	7,191	7,191
Bad debt	-	2,442	-	2,442	2,442
Other	-	-	-	-	-
<b>TOTAL</b>	<b>\$ 91,879,823</b>	<b>\$ 3,295,391</b>	<b>\$ 2,279,410</b>	<b>\$ 5,574,801</b>	<b>\$ 97,454,624</b>
					<b>\$ 9,192,496</b>

See accompanying notes to financial statements.

## THE VOTER PARTICIPATION CENTER

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**  
**WITH SUMMARIZED FINANCIAL INFORMATION FOR 2019**

	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (9,326,961)	\$ 20,450,545
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation and amortization	28,150	19,472
Receipt of contributed securities	(4,517,323)	(374,085)
Proceeds from the sale of contributed securities	4,593,846	359,282
Unrealized gain	(1,675,540)	(165)
Contributed intangible assets	-	(977,143)
Gain on sale of intangible asset	(459,695)	-
(Increase) decrease in:		
Contributions receivable	(442,199)	(952,001)
Accounts receivable	3,991	(3,991)
Due from related entity	(2,290,774)	218,003
Prepaid expenses	(779,335)	2,326
Increase (decrease) in:		
Accounts payable and accrued liabilities	1,527,855	208,592
Refundable advances	(1,501,332)	1,501,332
Deferred rent	<u>88,964</u>	<u>174,799</u>
Net cash (used) provided by operating activities	<u>(14,750,353)</u>	<u>20,626,966</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	<u>(27,740)</u>	<u>(104,641)</u>
Net cash used by investing activities	<u>(27,740)</u>	<u>(104,641)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Purchase of investments	(30,328,673)	-
Proceeds from sale of investments	20,062,026	-
Sale of intangible asset	<u>1,436,838</u>	<u>-</u>
Net cash used by financing activities	<u>(8,829,809)</u>	<u>-</u>
Net (decrease) increase in cash and cash equivalents	(23,607,902)	20,522,325
Cash and cash equivalents at beginning of year	<u>25,011,306</u>	<u>4,488,981</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u>\$ 1,403,404</u></b>	<b><u>\$ 25,011,306</u></b>



## THE VOTER PARTICIPATION CENTER

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

#### 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 Entities*. 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. There were no net assets with donor restriction at December 31, 2020.

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, 2019, from which the summarized information was derived.

##### 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.

## THE VOTER PARTICIPATION CENTER

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

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

##### 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, 2020 totaled \$28,150.

##### Intangible assets -

Intangible assets consisted 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 and deposited in the Kraken account held outside of the organization. The balance in the Kraken account at December 31, 2020 was \$1,426,838 and presented in contributions receivable in the Statement of Financial Position. By May 2021, all funds held in the Kraken account were deposited to VPC's bank account.

##### 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.

##### Uncertain tax positions -

For the year ended December 31, 2020, 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 under ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*.

## THE VOTER PARTICIPATION CENTER

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

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

##### Contributions, grants and contracts (continued) -

For contributions and grants 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 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.

Contributions and grants 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 are recognized as contributions when the revenue becomes unconditional. VPC does not have any unrecognized conditional promises to give as of December 31, 2020. Funds received in advance of overcoming such barriers are recorded as deferred revenue.

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.

Grants and contracts classified as exchange transactions follow ASU 2014-09, *Revenue from Contracts With Customers* and are recorded as revenue at a point in time when the performance obligations are met. VPC has elected to opt out of all (or certain) disclosures not required for nonpublic entities. Transaction price is based on cost.

##### 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.

##### 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.

## THE VOTER PARTICIPATION CENTER

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

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

##### Risks and uncertainties (continued) -

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.

##### Economic uncertainties -

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.

##### New accounting pronouncement (not yet adopted) -

ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* improves generally accepted accounting principles (GAAP) by increasing the transparency of contributed nonfinancial assets for not-for-profit (NFP) entities through enhancements to presentation and disclosure. The amendments in this ASU address certain stakeholders' concerns about the lack of transparency relating to the measurement of contributed nonfinancial assets recognized by NFPs, as well as the amount of those contributions used in a NFP's programs and other activities. The ASU should be applied on a retrospective basis and is effective for annual periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. Early adoption is permitted. The amendment will not change the recognition and measurement requirements for those contributed nonfinancial assets.

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 ASUs 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.

THE VOTER PARTICIPATION CENTER

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020

**2. INVESTMENTS**

Investments, at fair value, consisted of the following as of December 31, 2020:

Corporate bonds	\$ 6,799,487
Common stocks	1,934,620
U.S. treasury and agencies bonds	1,665,520
Mutual funds	1,289,999
Money markets	<u>191,006</u>

**TOTAL INVESTMENTS** **\$ 11,880,632**

Included in investment income are the following for the year ended December 31, 2020:

Interest and dividends, net	\$ 316,253
Net realized and unrealized gain	1,675,540
Less: Investment fees	<u>(64,957)</u>

**TOTAL INVESTMENT INCOME, NET** **\$ 1,926,836**

**3. NET ASSETS WITH DONOR RESTRICTIONS**

There were no net assets with donor restriction at December 31, 2020.

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:

Subject to expenditure for specified purpose	\$ 15,456,323
Subject to passage of time	<u>1,000,000</u>

**NET ASSETS RELEASED FROM RESTRICTIONS** **\$ 16,456,323**

**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	\$ 1,403,404
Investments	11,880,632
Accounts receivable	1,445,121
Due from related entity	<u>2,456,567</u>

**FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS  
FOR GENERAL EXPENDITURES WITHIN ONE YEAR** **\$ 17,185,724**

VPC has a policy to structure its financial assets to be available and liquid as its obligations become due. VPC has a line of credit agreement (as further discussed in Note 5) which allows for additional available borrowings up to \$1,000,000.

## THE VOTER PARTICIPATION CENTER

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

#### 5. LINE OF CREDIT

VPC had a \$500,000 revolving bank line of credit which matured in February 2020. Amounts borrowed under this agreement bear interest at a floating rate equal to the Index plus 0.50%. In February 2020, VPC secured a new \$1,000,000 revolving bank line of credit which matures in July 2021. Amounts borrowed under this agreement bear interest at a rate equal to the Index plus 0.50% (3.75% as of December 31, 2020). The line of credit was collateralized by all business assets belonging to VPC. There was no outstanding balance on the line of credit as of December 31, 2020.

#### 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 to 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,

2021	\$ 308,655
2022	316,349
2023	324,285
2024	332,403
2025	340,702
Thereafter	<u>1,546,592</u>
	<b><u>\$ 3,168,986</u></b>

Rent expense for the year ended December 31, 2020 totaled \$288,526, which is net of \$27,435 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.

# THE VOTER PARTICIPATION CENTER

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

### 7. FAIR VALUE MEASUREMENT (Continued)

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.

**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, 2020.

- *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. The mutual funds held by VPC' are deemed to be actively traded.
- *Common stocks* - Valued at the closing price reported on the active market in which the individual securities are traded.
- *Corporate bonds, U.S. treasury and agency bonds* - Fair value is based upon current yields available on comparable securities of issuers with similar ratings, the security's terms and conditions, and interest rate and credit risk.

The table below summarized, by level within the fair value hierarchy, VPC's investments as of December 31, 2020.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Investments:</b>				
Mutual funds	\$ 1,289,999	\$ -	\$ -	\$ 1,289,999
Money market funds	191,006	-	-	191,006
Common stocks	1,934,620	-	-	1,934,620
Corporate bonds	-	6,799,487	-	6,799,487
U.S. treasury and agencies bonds	-	1,665,520	-	1,665,520
<b>TOTAL INVESTMENTS</b>	<b>\$ <u>3,415,625</u></b>	<b>\$ <u>8,465,007</u></b>	<b>\$ <u>-</u></b>	<b>\$ <u>11,880,632</u></b>

There were no transfers between levels in the fair value hierarchy during the year ended December 31, 2020. Transfers between levels are recorded at the end of the reporting period, if applicable.

## **THE VOTER PARTICIPATION CENTER**

### **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020**

#### **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, 2020, VPC and CVI incurred shared expenses of approximately \$774,964. As of year-end, VPC had a receivable of \$2,456,567 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, 2020, 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 January 10, 2022, the date the financial statements were issued.