

**FINANCIAL STATEMENTS**



**FOR THE YEAR ENDED DECEMBER 31, 2022  
WITH SUMMARIZED FINANCIAL  
INFORMATION FOR 2021**

# THE VOTER PARTICIPATION CENTER

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## CPAs & ADVISORS

### INDEPENDENT AUDITOR'S REPORT

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

#### **Opinion**

We have audited the accompanying financial statements of The Voter Participation Center (VPC), which comprise the statement of financial position as of December 31, 2022, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of VPC as of December 31, 2022, 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.

#### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of VPC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about VPC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists.

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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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of VPC'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 VPC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

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

We have previously audited VPC's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 9, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.



August 2, 2023

**THE VOTER PARTICIPATION CENTER**  
**STATEMENT OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2022**  
**WITH SUMMARIZED FINANCIAL INFORMATION FOR 2021**

**ASSETS**

	<u>2022</u>	<u>2021</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 5,307,409	\$ 4,470,700
Investments	4,316,966	5,467,541
Contributions receivable	1,346,035	710,857
Due from related entity	2,564,427	1,660,821
Prepaid expenses	<u>398,493</u>	<u>500,690</u>
Total current assets	<u>13,933,330</u>	<u>12,810,609</u>
<b>FIXED ASSETS</b>		
Software	-	3,144
Computer equipment	<u>64,979</u>	<u>232,849</u>
	64,979	235,993
Less: Accumulated depreciation and amortization	<u>(45,940)</u>	<u>(145,460)</u>
Net fixed assets	<u>19,039</u>	<u>90,533</u>
<b>OTHER NONCURRENT ASSETS</b>		
Deposit	44,455	44,455
Contribution receivable, net of current portion	250,000	-
Right-of-use asset	<u>4,707,640</u>	<u>-</u>
Total other noncurrent assets	<u>5,002,095</u>	<u>44,455</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 18,954,464</u></b>	<b><u>\$ 12,945,597</u></b>

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 572,533	\$ 938,907
Operating lease liability	<u>480,354</u>	<u>-</u>
Total current liabilities	<u>1,052,887</u>	<u>938,907</u>
<b>LONG-TERM LIABILITIES</b>		
Operating lease liability, net of current portion	4,316,164	-
Deferred rent	<u>-</u>	<u>31,835</u>
Total long-term liabilities	<u>4,316,164</u>	<u>31,835</u>
Total liabilities	<u>5,369,051</u>	<u>970,742</u>
<b>NET ASSETS</b>		
Without donor restrictions	12,085,413	11,809,855
With donor restrictions	<u>1,500,000</u>	<u>165,000</u>
Total net assets	<u>13,585,413</u>	<u>11,974,855</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 18,954,464</u></b>	<b><u>\$ 12,945,597</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, 2022  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2021**

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>REVENUE</b>				
Foundation grants and contracts	\$ 18,378,307	\$ 1,500,000	\$ 19,878,307	\$ 6,954,833
Contributions	17,474,050	-	17,474,050	3,732,307
Investment (loss) income, net	(646,401)	-	(646,401)	665,007
Net assets released from donor restrictions	<u>165,000</u>	<u>(165,000)</u>	<u>-</u>	<u>-</u>
Total revenue	<u>35,370,956</u>	<u>1,335,000</u>	<u>36,705,956</u>	<u>11,352,147</u>
<b>EXPENSES</b>				
Program Services	<u>31,388,915</u>	<u>-</u>	<u>31,388,915</u>	<u>11,865,864</u>
Supporting Services:				
Management and General	1,721,347	-	1,721,347	1,693,939
Fundraising	<u>1,926,638</u>	<u>-</u>	<u>1,926,638</u>	<u>1,369,476</u>
Total supporting services	<u>3,647,985</u>	<u>-</u>	<u>3,647,985</u>	<u>3,063,415</u>
Total expenses	<u>35,036,900</u>	<u>-</u>	<u>35,036,900</u>	<u>14,929,279</u>
Change in net assets before other items	334,056	1,335,000	1,669,056	(3,577,132)
<b>OTHER ITEMS</b>				
Loss on disposal of fixed assets	(58,498)	-	(58,498)	-
Gain on termination of lease	<u>-</u>	<u>-</u>	<u>-</u>	<u>267,361</u>
Change in net assets	275,558	1,335,000	1,610,558	(3,309,771)
Net assets at beginning of year	<u>11,809,855</u>	<u>165,000</u>	<u>11,974,855</u>	<u>15,284,626</u>
<b>NET ASSETS AT END OF YEAR</b>	<b><u>\$ 12,085,413</u></b>	<b><u>\$ 1,500,000</u></b>	<b><u>\$ 13,585,413</u></b>	<b><u>\$ 11,974,855</u></b>

**THE VOTER PARTICIPATION CENTER**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**  
**WITH SUMMARIZED FINANCIAL INFORMATION FOR 2021**

	<b>2022</b>				<b>2021</b>	
	<b>Program Services</b>	<b>Supporting Services</b>			<b>Total Expenses</b>	<b>Total Expenses</b>
		<b>Management and General</b>	<b>Fundraising</b>	<b>Total Supporting Services</b>		
Salaries and benefits	\$ 2,372,121	\$ 513,966	\$ 386,885	\$ 900,851	\$ 3,272,972	\$ 2,882,328
Payroll taxes	143,813	55,740	23,011	78,751	222,564	217,983
Program fees	23,816,224	-	-	-	23,816,224	5,664,292
Professional fees	893,455	371,875	1,453,433	1,825,308	2,718,763	2,781,299
Lists	502,354	-	-	-	502,354	763,811
Occupancy	1,847	425,402	19	425,421	427,268	375,331
Postage and delivery	1,833,095	2,927	-	2,927	1,836,022	4,635
Digital media buy	1,638,485	-	-	-	1,638,485	-
Office supplies and expenses	8,691	108,202	21,800	130,002	138,693	81,858
Website	126,297	7,090	-	7,090	133,387	101,278
Travel, conferences and meetings	9,357	71,704	34,063	105,767	115,124	30,716
Dues and subscriptions	32,000	42,988	2,922	45,910	77,910	128,517
Bank fees	-	57,856	-	57,856	57,856	44,526
Insurance	-	29,937	-	29,937	29,937	18,712
Telephone	6,176	17,028	1,147	18,175	24,351	14,487
Depreciation and amortization	-	12,996	-	12,996	12,996	29,035
Printing and copying	-	3,385	3,358	6,743	6,743	6,279
Advertising and promotion	5,000	-	-	-	5,000	5,712
Bad debt	-	251	-	251	251	-
Partner pass-throughs	-	-	-	-	-	1,778,480
Subtotal before other item	31,388,915	1,721,347	1,926,638	3,647,985	35,036,900	14,929,279
Loss on disposal of fixed assets	-	58,498	-	58,498	58,498	-
<b>TOTAL</b>	<b>\$ 31,388,915</b>	<b>\$ 1,779,845</b>	<b>\$ 1,926,638</b>	<b>\$ 3,706,483</b>	<b>\$ 35,095,398</b>	<b>\$ 14,929,279</b>

See accompanying notes to financial statements.

## THE VOTER PARTICIPATION CENTER

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2022  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2021**

	<u>2022</u>	<u>2021</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 1,610,558	\$ (3,309,771)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	12,996	29,035
Receipt of contributed securities	(4,676,749)	(848,147)
Proceeds from the sale of contributed securities	5,029,287	425,494
Net realized and unrealized loss (gain) in investments	700,305	(548,447)
Gain on termination of lease	-	(267,361)
Loss on disposal of property and equipment	58,498	-
Amortization of right-to-use asset	517,035	-
(Increase) decrease in:		
Contributions receivable	(885,178)	734,264
Due from related entity	(903,606)	795,746
Prepaid expenses	102,197	308,478
Other asset	-	(32,456)
Operating lease liability	(459,992)	-
(Decrease) increase in:		
Accounts payable and accrued liabilities	(366,374)	(1,616,031)
Deferred rent	-	35,433
Net cash provided (used) by operating activities	<u>738,977</u>	<u>(4,293,763)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	<u>-</u>	<u>(23,232)</u>
Net cash used by investing activities	<u>-</u>	<u>(23,232)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Purchase of investments	(83,302)	(165,289)
Proceeds from sale of investments	<u>181,034</u>	<u>7,549,580</u>
Net cash provided by financing activities	<u>97,732</u>	<u>7,384,291</u>
Net increase in cash and cash equivalents	836,709	3,067,296
Cash and cash equivalents at beginning of year	<u>4,470,700</u>	<u>1,403,404</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u>\$ 5,307,409</u></b>	<b><u>\$ 4,470,700</u></b>
<b>SCHEDULE OF NONCASH INVESTING AND FINANCING TRANSACTIONS:</b>		
Right-of-Use Asset	<b><u>\$ 5,224,675</u></b>	<b><u>\$ -</u></b>
Operating Lease Liability	<b><u>\$ 5,256,510</u></b>	<b><u>\$ -</u></b>

See accompanying notes to financial statements.



## THE VOTER PARTICIPATION CENTER

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022

#### 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 voter registration and voter mobilization programs. VPC encourages participation in the democratic process, particularly among young people, people of color, and unmarried women. 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.

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, 2021, from which the summarized information was derived.

##### New accounting pronouncement adopted -

On January 1 2022, VPC adopted ASU 2019-01, *Leases* (Topic 842), which changed the accounting treatment for operating leases by requiring recognition of a lease asset and lease liability at the present value of the lease payments in the Statement of Financial Position and disclosure of key information about leasing arrangements. VPC applied the new standard at the date of initial application and also the practical expedient package to not reassess at adoption (i) expired or existing contracts for whether they are or contain a lease, (ii) the lease classification of any existing leases or (iii) initial indirect costs for existing leases. See Note 5 for further details.

##### 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.

THE VOTER PARTICIPATION CENTER

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

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

Cash and cash equivalents (continued) -

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 (loss) income, which is presented net of investment expenses paid to external investment advisors, in the Statement of Activities and Change in Net Assets.

Contributions and accounts receivable -

Contributions and accounts receivable are recorded at approximate fair value. All receivables are considered by management to be fully collectable. Accordingly, an allowance for doubtful accounts has not been established.

Fixed assets -

Fixed assets in excess of \$5,000 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, 2022 totaled \$12,996.

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, 2022, 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*.

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.

## THE VOTER PARTICIPATION CENTER

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022

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

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

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, 2022. 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.

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.

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.

THE VOTER PARTICIPATION CENTER

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

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

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 pronouncement (not yet adopted) -

ASU 2016-13, *Financial Instruments – Credit Losses* (Topic 326), replaces the incurred loss impairment methodology in current U.S. GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The ASU is effective for VPC for the year ending December 31, 2023. The ASU can be applied at the beginning of the earliest period presented using a modified retrospective approach.

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 standard on its accompanying financial statements.

2. INVESTMENTS

Investments, at fair value, consisted of the following as of December 31, 2022:

Corporate bonds	\$ 1,278,315
Common stocks	1,246,483
Mutual funds	877,731
U.S. treasury and agency bonds	810,059
Money market funds	<u>104,378</u>
<b>TOTAL INVESTMENTS</b>	<b><u>\$ 4,316,966</u></b>

Included in investment loss are the following for the year ended December 31, 2022:

Net realized and unrealized loss	\$ (700,305)
Interest and dividends, net	87,354
Less: Investment fees	<u>(33,450)</u>
<b>TOTAL INVESTMENT LOSS, NET</b>	<b><u>\$ (646,401)</u></b>

3. NET ASSETS WITH DONOR RESTRICTIONS

There were no net assets with donor restriction at December 31, 2022.

<b>Time Restricted</b>	<b><u>\$ 1,500,000</u></b>
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THE VOTER PARTICIPATION CENTER

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

3. NET ASSETS WITH DONOR RESTRICTIONS (Continued)

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	\$ 15,000
Subject to passage of time	<u>150,000</u>
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>	<b><u>\$ 165,000</u></b>

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	\$ 5,307,409
Investments	4,316,966
Contributions receivable	1,346,035
Due from related entity	<u>2,564,427</u>

<b>FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR</b>	<b><u>\$ 13,534,837</u></b>
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VPC has a policy to structure its financial assets to be available and liquid as its obligations become due.

5. LEASE COMMITMENT

In February 2019, VPC entered into a 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.

In March 2021, VPC amended the lease agreement, agreeing to surrender the office space on the 9th floor and move into office space on the 7th floor starting July 1, 2021, and extending the termination date of the lease to June 30, 2031.

Effective January 1 2022, the Association adopted ASU 2019-01, *Leases* (Topic 842). VPC elected the practical expedient package to not reassess at adoption (i) expired or existing contracts for whether they are or contain a lease, (ii) the lease classification of any existing leases or (iii) initial indirect costs for existing leases. VPC also elected the practical expedient that allows lessees to choose to not separate lease and non-lease components by class of underlying asset and are applying this expedient to all relevant asset classes. VPC adopted the package of practical expedients to not perform any lease reclassification, did not reevaluate embedded leases and did not reassess initial direct costs. As a result, VPC recorded an operating lease right-of-use asset totaling \$5,224,675 and an operating lease liability totaling \$5,256,510 at January 1, 2022. These implementation date amounts were determined by calculating the present value of all future rentals using an incremental borrowing rate of 1.48% as the discount rate.

The operating lease right-of-use asset totaled \$4,707,640 as of December 31, 2022 and the operating lease liability totaled \$4,796,518 as of December 31, 2022.

THE VOTER PARTICIPATION CENTER

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

5. LEASE COMMITMENT (Continued)

Lease cost for the office lease, including costs passed-through as occupancy expenses for the years ended December 31, 2022 totaled \$423,920 and is included in occupancy in the Statement of Functional Expenses.

The following is a schedule of the future minimum lease payments due under the operating leases, net of imputed interest:

<u>Year Ending December 31,</u>	
2023	\$ 548,118
2024	561,859
2025	575,923
2026	590,310
2027	605,075
Thereafter	<u>2,237,413</u>
	5,118,698
Less: Imputed interest	<u>(322,180)</u>
	4,796,518
Less: Current portion	<u>(480,354)</u>
<b>LONG-TERM PORTION</b>	<b><u>\$ 4,316,164</u></b>

6. FAIR VALUE MEASUREMENT

In accordance with FASB ASC 820, *Fair Value Measurement*, 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 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.

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**6. FAIR VALUE MEASUREMENT (Continued)**

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, 2022.

- *Mutual funds* - Valued at the daily closing price as reported by the fund. Mutual funds held by VPC's 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's 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, 2022.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Investments:</b>				
Mutual funds	\$ 877,731	\$ -	\$ -	\$ 877,731
Money market funds	104,378	-	-	104,378
Common stocks	1,246,483	-	-	1,246,483
Corporate bonds	-	1,278,315	-	1,278,315
U.S. treasury and agency bonds	-	810,059	-	810,059
<b>TOTAL INVESTMENTS</b>	<b><u>\$ 2,228,592</u></b>	<b><u>\$ 2,088,374</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 4,316,966</u></b>

There were no transfers between levels in the fair value hierarchy during the year ended December 31, 2022. Transfers between levels are recorded at the end of the reporting period, if applicable.

**7. 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, 2022, VPC and CVI incurred shared expenses of approximately \$1,690,652. As of year-end, VPC had a receivable of \$2,564,427 due from CVI for shared expenses.

**8. 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. Effective June 1, 2021, VPC restated the Plan allowing immediate eligibility to participate in the Plan and permits matching and non-elective employer contributions. For the year ended December 31, 2022, \$64,938 employer contributions were sent to the Plan, and are included in salaries and benefits in the accompanying Statement of Functional Expenses.

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**9. SUBSEQUENT EVENTS**

In preparing these financial statements, VPC has evaluated events and transactions for potential recognition or disclosure through August 2, 2023, the date the financial statements were issued.