



PROJECT ON GOVERNMENT OVERSIGHT, INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

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

PROJECT ON GOVERNMENT OVERSIGHT, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Project on Government Oversight, Inc.

Opinion

We have audited the financial statements of the Project on Government Oversight, Inc. (POGO), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of POGO as of December 31, 2022, and the changes 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 (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of POGO 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 these 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 POGO's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, 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 POGO'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 POGO'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.

Other Matter

Report on Summarized Comparative Information

We have previously audited POGO's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 2, 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.

Marcum LLP

Washington, DC
May 11, 2023

PROJECT ON GOVERNMENT OVERSIGHT, INC.

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2022

(WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2021)

	<u>2022</u>	<u>2021</u>
Assets		
Cash – bank account	\$ 457,598	\$ 539,430
Cash equivalents – money market	1,730,153	6,175,502
Grants receivable, net	2,095,792	250,100
Prepaid expenses and other assets	318,684	144,633
Investments	6,142,496	3,213,419
Fixed assets, net	<u>44,500</u>	<u>24,500</u>
Total Assets	<u>\$ 10,789,223</u>	<u>\$ 10,347,584</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 54,807	\$ 74,669
Contract liabilities	50,000	--
Accrued pension contribution	<u>262,028</u>	<u>321,510</u>
Total Liabilities	<u>366,835</u>	<u>396,179</u>
Net Assets		
Without donor restrictions	8,187,300	9,540,990
With donor restrictions	<u>2,235,088</u>	<u>410,415</u>
Total Net Assets	<u>10,422,388</u>	<u>9,951,405</u>
Total Liabilities and Net Assets	<u>\$ 10,789,223</u>	<u>\$ 10,347,584</u>

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

PROJECT ON GOVERNMENT OVERSIGHT, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2022

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2021)

	Without Donor Restrictions	With Donor Restrictions	2022	2021
Revenue and Support				
Grants	\$ 4,110,000	\$ 2,710,024	\$ 6,820,024	\$ 6,426,971
Contributions	833,356	797,346	1,630,702	1,819,786
Contributed services and event space	278,317	--	278,317	606,206
Interest and dividend income	127,232	--	127,232	62,223
Other	67,743	--	67,743	42,103
Realized and unrealized gain on investments	(852,943)	--	(852,943)	496,447
Net assets released from donor restrictions:				
Satisfaction of purpose restrictions	1,507,697	(1,507,697)	--	--
Satisfaction of time restrictions	175,000	(175,000)	--	--
Total Revenue and Support	<u>6,246,402</u>	<u>1,824,673</u>	<u>8,071,075</u>	<u>9,453,736</u>
Expenses				
Program Services:				
Effective and Accountable Government	\$ 2,648,067	\$ --	\$ 2,648,067	\$ 2,320,481
The Constitution Project	694,422	--	694,422	1,345,902
Center for Defense Information	613,828	--	613,828	687,864
Civic Engagement	613,107	--	613,107	458,046
Ridenhour Event & Program	385,345	--	385,345	251,877
Congressional Oversight Initiative	364,086	--	364,086	286,514
Customs and Border Protection Oversight	256,131	--	256,131	--
Ethics Initiative	234,301	--	234,301	190,641
Justice, Equity, Diversity, Inclusion	185,167	--	185,167	23,673
Racial Equity Project	85,819	--	85,819	--
Census Project	84,067	--	84,067	66,792
FOIA Litigation	73,410	--	73,410	53,264
14th Amendment	72,455	--	72,455	--
Lobbying	58,084	--	58,084	77,457
Open the Government	51,825	--	51,825	--
Covid-19 Relief Oversight	--	--	--	599,911
Election and Transition Integrity	--	--	--	268,613
Total Program Services	<u>6,420,114</u>	<u>--</u>	<u>6,420,114</u>	<u>6,631,035</u>
Supporting Services:				
General and Administrative	606,271	--	606,271	674,967
Development	573,707	--	573,707	573,598
Total Supporting Services	<u>1,179,978</u>	<u>--</u>	<u>1,179,978</u>	<u>1,248,565</u>
Total Expenses	<u>7,600,092</u>	<u>--</u>	<u>7,600,092</u>	<u>7,879,600</u>
Change in Net Assets	(1,353,690)	1,824,673	470,983	1,574,136
Net Assets At Beginning of Year	<u>9,540,990</u>	<u>410,415</u>	<u>9,951,405</u>	<u>8,377,269</u>
Net Assets At End of Year	<u>\$ 8,187,300</u>	<u>\$ 2,235,088</u>	<u>\$ 10,422,388</u>	<u>\$ 9,951,405</u>

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

PROJECT ON GOVERNMENT OVERSIGHT, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2022

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2021)

	2022																		2021 Total		
	Program Services														Supporting Services						
	Effective and Accountable Government	The Constitution Project	Center for Defense Information	Civic Engagement	Ridenhour Event & Program	Congressional Oversight Initiative	Customs & Border Protection Oversight	Ethics Initiative	Justice, Equity, Diversity, Inclusion	Racial Equity Project	Census Project	FOIA Litigation	14th Amendment	Lobbying	Open the Government	Total Program Services	General and Administrative	Development		Total Supporting Services	Total
Personnel costs:																					
Salaries	\$ 1,879,787	\$ 320,879	\$ 417,160	\$ 181,179	\$ 163,037	\$ 259,563	\$ 154,934	\$ 154,931	\$ 119,080	\$ 54,643	\$ 23,729	\$ 6,938	\$ 45,348	\$ 42,818	\$ 11,350	\$ 3,835,376	\$ 369,727	\$ 337,289	\$ 707,016	\$ 4,542,392	\$ 4,091,733
Employee benefits	239,487	35,770	53,952	20,788	16,875	30,611	19,568	17,796	13,046	7,302	4,872	1,188	8,537	4,396	1,735	475,923	47,929	41,617	89,546	565,469	533,443
Payroll taxes	147,894	25,572	32,657	14,297	12,736	20,416	12,274	12,349	9,449	4,186	1,759	635	3,377	3,375	853	301,829	29,052	26,578	55,630	357,459	341,522
Total personnel costs	2,267,168	382,221	503,769	216,264	192,648	310,590	186,776	185,076	141,575	66,131	30,360	8,761	57,262	50,589	13,938	4,613,128	446,708	405,484	852,192	5,465,320	4,966,698
Outreach	38,851	5,935	9,230	364,968	4,237	5,593	3,863	2,892	2,403	1,699	674	144	1,376	999	390	443,254	--	94,650	94,650	537,904	598,825
Legal fees	2,310	251,592	4,090	170	--	--	620	1,545	--	4,885	--	63,106	2,395	--	--	330,713	331	--	331	331,044	654,746
Consultant fees	7,766	3,125	--	--	27,500	--	35,625	20,900	22,975	4,000	50,000	--	--	--	30,000	201,891	59,413	--	59,413	261,304	91,002
Printing and postage	68,868	12,213	50,300	6,578	16,714	11,002	5,681	5,822	4,543	1,858	773	418	1,475	1,461	368	188,074	457	17,570	18,027	206,101	143,803
Technology	74,412	13,018	16,478	7,701	17,830	11,112	6,608	6,256	4,631	1,916	746	315	1,456	1,973	2,153	166,605	15,690	13,808	29,498	196,103	172,617
Web/Internet	86,798	7,000	9,038	3,944	4,793	5,626	3,393	3,380	2,583	1,147	514	179	971	920	237	130,523	4,161	14,348	18,509	149,032	292,512
Shared space license fee	56,949	10,097	12,300	5,511	4,457	7,725	4,892	4,901	3,635	1,363	610	257	1,127	1,245	3,054	118,123	11,158	10,310	21,468	139,591	373,479
Event costs	--	--	--	--	64,843	--	--	--	--	--	--	--	--	--	--	64,843	--	--	--	64,843	72,527
Research materials																					
and documents	26,091	4,960	5,416	2,584	1,505	3,518	2,320	2,512	1,673	481	186	116	5,991	589	1,577	59,519	--	--	--	59,519	89,654
Awards	--	--	--	--	40,000	--	--	--	--	--	--	--	--	--	--	40,000	--	--	--	40,000	40,000
Insurance	9,648	1,562	2,105	893	602	1,283	781	762	579	277	139	43	257	205	60	19,196	8,878	1,690	10,568	29,764	25,013
Bank, payroll and filing fees	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	12,989	12,126	25,115	25,115
Travel	79	--	165	3,027	9,016	47	4,831	--	--	1,855	--	--	--	--	--	19,020	--	1,575	1,575	20,595	1,476
Accounting fees	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	19,432	--	19,432	19,432	32,887
Membership and professional growth	6,166	2,699	902	1,467	70	547	235	255	570	207	65	10	145	103	48	13,489	3,193	915	4,108	17,597	20,878
Recruiting	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	17,561	--	17,561	17,561	18,002
Office and other	2,961	--	35	--	--	7	506	--	--	--	--	61	--	--	--	3,570	6,123	1,231	7,354	10,924	37,077
Meeting expenses	--	--	--	--	1,130	7,036	--	--	--	--	--	--	--	--	--	8,166	177	--	177	8,343	--
Depreciation and amortization	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	153,181
Grant expense	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	76,792
Total Expenses	\$ 2,648,067	\$ 694,422	\$ 613,828	\$ 613,107	\$ 385,345	\$ 364,086	\$ 256,131	\$ 234,301	\$ 185,167	\$ 85,819	\$ 84,067	\$ 73,410	\$ 72,455	\$ 58,084	\$ 51,825	\$ 6,420,114	\$ 606,271	\$ 573,707	\$ 1,179,978	\$ 7,600,092	\$ 7,879,600

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

PROJECT ON GOVERNMENT OVERSIGHT, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2022

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2021)

	2022	2021
Cash Flows From Operating Activities		
Change in Net Assets	\$ 470,983	\$ 1,574,136
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	--	153,181
Realized and unrealized losses (gains) on investments	852,943	(496,447)
Change in assets and liabilities:		
Grants receivable	(1,845,692)	(89,466)
Prepaid expenses and other assets	(174,051)	(6,588)
Accounts payable and accrued expenses	(19,862)	(54,334)
Deferred rent	--	(88,428)
Contract liabilities	50,000	--
Accrued pension contribution	(59,482)	29,040
Net Cash (Used in) Provided by Operating Activities	<u>(725,161)</u>	<u>1,021,094</u>
Cash Flows From Investing Activities		
Purchases of fixed assets	(20,000)	--
Purchases of investments	(5,125,649)	(2,054,399)
Proceeds of sale of investments	<u>1,343,629</u>	<u>4,606,669</u>
Net Cash (Used in) Provided by Investing Activities	<u>(3,802,020)</u>	<u>2,552,270</u>
Net (Decrease) Increase in Cash and Cash Equivalents	(4,527,181)	3,573,364
Cash and Cash Equivalents, Beginning of Year	<u>6,714,932</u>	<u>3,141,568</u>
Cash and Cash Equivalents, End of Year	<u>\$ 2,187,751</u>	<u>\$ 6,714,932</u>
Reconciliation of cash and cash equivalents		
Cash – bank account	\$ 457,598	\$ 539,430
Cash equivalents – money market	<u>1,730,153</u>	<u>6,175,502</u>
Total Cash and Cash Equivalents	<u>\$ 2,187,751</u>	<u>\$ 6,714,932</u>

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

PROJECT ON GOVERNMENT OVERSIGHT, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

ORGANIZATION

Founded in 1981, the Project on Government Oversight (POGO) is a nonpartisan independent watchdog that investigates and exposes waste, corruption, abuse of power, and when the government fails to serve the public or silences those who report wrongdoing. POGO champions reforms to achieve a more effective, ethical, and accountable Federal government that safeguards constitutional principles.

BASIS OF PRESENTATION

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

CASH AND CASH EQUIVALENTS

POGO considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents. All cash equivalents as of December 31, 2022 consisted of money market funds.

GRANTS RECEIVABLE

Grants receivable that are expected to be collected within one year are recorded at net realizable value. Grants receivable that are expected to be collected in future years are recorded at the net present value of their estimated future cash flows. The face amount of grants receivable is also reduced by an allowance for doubtful accounts. The allowance for doubtful accounts reflects the best estimate of probable losses, determined principally on the basis of historical experience and allowances for specifically identified delinquent accounts. All accounts, or portions thereof, that are deemed uncollectible, or that require an excessive collection cost, are written off to the allowance for doubtful accounts.

INVESTMENTS

Investments are recorded at their readily determinable fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability through an orderly transaction between market participants at the measurement date. Interest and dividend income, and realized and unrealized gains are shown separately in the accompanying statement of activities. Investments acquired by gift are recorded at their fair value at the date of the gift. POGO's policy is to liquidate all gifts of investments as soon as possible after the gift has been received.

PROJECT ON GOVERNMENT OVERSIGHT, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (CONTINUED)

FAIR VALUE MEASUREMENT

POGO has categorized its financial instruments based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy as follows:

Level 1

These are investments where values are based on unadjusted quoted prices for identical assets in an active market POGO 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.

As of and for the year ended December 31, 2022, only POGO's investments, as described in Note 3 to these financial statements, were measured at fair value on a recurring basis.

FIXED ASSETS

Fixed assets purchased in excess of \$2,000 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 seven years.

The cost of fixed assets retired or disposed of is removed from the accounts along with the related accumulated depreciation, and any gain or loss is reflected in income or expense in the accompanying statement of activities. Major additions are capitalized while replacements, maintenance and repairs that do not improve or extend the lives of the respective assets are expensed as incurred.

CLASSIFICATION OF NET ASSETS

Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions". Unconditional contributions restricted by donors 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 as net assets released from donor restrictions. As of December 31, 2022, POGO had no net assets with donor restrictions that are required to be maintained in perpetuity.

PROJECT ON GOVERNMENT OVERSIGHT, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (CONTINUED)

REVENUE RECOGNITION

The majority of POGO's activities are supported by grants and contributions from foundations, individuals and other private entities. POGO classifies amounts from foundations and other private entities as grants. Amounts from individuals are classified as contributions. POGO performs an analysis of the individual grant or contribution to determine if the individual grant or contribution follows the contribution rules or if they should be recorded as an exchange transaction depending upon whether the transactions are deemed reciprocal or nonreciprocal.

For grants and contributions qualifying under the contribution rules, revenue is recognized upon notification of the award and satisfaction of all conditions, if applicable. Grants and contributions qualifying as contributions that are unconditional and have donor restrictions are recognized as grants or contributions "with donor restrictions."

Unconditional grants and contributions that have been awarded to POGO, but not yet received, are reflected as grants receivable in the accompanying statement of financial position. A grant or contribution is considered conditional if the agreement includes a measurable performance or barrier and a right of return. Conditional promises to give are not recognized until they become unconditional, that is, when the barriers in the agreement are met.

Fees for service revenue relates to amounts earned under two fixed-price contracts with two foundations for consulting services. Revenue is recognized evenly over the agreement terms as this best represents the satisfaction of the performance obligations delivered during the term of the agreement. Fee for service revenue is included in other income in the accompanying statement of activities. Fee for service revenue totaled \$10,000 for the year ended December 31, 2022. Cash received in advance of performance obligations being satisfied is reflected as contract liabilities in the accompanying statement of financial position. Contract liabilities totaled \$50,000 as of December 31, 2022. There were no contract liabilities as of January 1, 2022. All contract liabilities will be earned within one year. There were no contract receivables as of January 1, 2022 or December 31, 2022.

CONTRIBUTED SERVICES AND EVENT SPACE

Contributed services primarily consisted of donated legal services provided by law firms and others with legal expertise who drafted amicus briefs filed in federal court on behalf of POGO, and provided research and drafting support for program reports. Contributed services are recognized at their estimated fair value if they create or enhance nonfinancial assets or they require specialized skills that would need to be purchased if they were not donated.

PROJECT ON GOVERNMENT OVERSIGHT, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (CONTINUED)

CONTRIBUTED SERVICES AND EVENT SPACE (CONTINUED)

POGO also received donated event space in support of its fundraising activities, which is recognized at the estimated fair value of the space which otherwise would have needed to be purchased if not donated. Contributed services and event space are not sold and were utilized by POGO for its programs services and fundraising activities. There were no donor-imposed restrictions associated with contributed services and event space.

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 functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses directly attributed to a specific functional area of POGO 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. Costs that are allocated primarily include employee benefits and payroll taxes, rent, depreciation and amortization, technology and printing and postage.

USE OF ESTIMATES

The preparation of the financial statements in conformity with GAAP 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.

NEW ACCOUNTING PRONOUNCEMENT

In September 2020, the Financial Accounting Standards Board (the FASB) issued Accounting Standards Update (ASU) 2020-07, Not-for-Profit Entities (Topic 958): *Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*, to increase the transparency of contributed nonfinancial assets through enhancements to presentation and disclosure. ASU 2020-07 requires not-for-profits to present contributed nonfinancial assets as a separate line item in the statement of activities and provide additional disclosures on financial assets. The adoption of the standard did not result in material change to the financial statements.

PROJECT ON GOVERNMENT OVERSIGHT, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 2 - GRANTS RECEIVABLE

Grants receivable were due as follows of December 31, 2022:

Amounts due in less than one year	\$ 1,982,042
Amounts due in 2024	<u>120,000</u>
	2,102,042
Less: allowance for doubtful accounts	<u>(6,250)</u>
Grants Receivable, Net	<u>\$ 2,095,792</u>

As of December 31, 2022, no allowance was recorded for amounts due in more than one year as the allowance was considered immaterial to the financial statements as a whole.

As of December 31, 2022, POGO had \$750,000 due from two donors which was not yet recognized in the financial statements due to not yet meeting donor-imposed conditions. Such conditions include measurable performance criteria which create a barrier that must be overcome prior to POGO receiving future grant installments.

NOTE 3 - INVESTMENTS AND FAIR VALUE MEASUREMENT

Investments consisted of the following as of December 31, 2022:

Mutual funds – equities	\$ 2,820,129
Exchange traded funds – equities	2,013,055
Mutual funds – fixed income	<u>1,309,312</u>
Total Investments	<u>\$ 6,142,496</u>

Mutual funds are valued at the daily closing price as reported by the fund. Mutual funds held by POGO are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily value and to transact at that price. Exchange traded funds are valued at the closing price reported on the active market in which the individual funds are traded.

As of December 31, 2022, all investments were classified as Level 1 within the fair value hierarchy.

PROJECT ON GOVERNMENT OVERSIGHT, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 4 - FIXED ASSETS

Fixed assets consisted of the following at December 31, 2022:

Land	\$ 24,500
Furniture and computers	3,600
Website	<u>255,382</u>
Total fixed assets	283,482
Less: Accumulated depreciation and amortization	<u>(238,982)</u>
Fixed Assets, Net	<u>\$ 44,500</u>

NOTE 5 - LICENSE AGREEMENT

Effective September 1, 2021, POGO entered into an all-inclusive license agreement in Washington, DC which, in exchange for a monthly fee, provides POGO with access to workstations and various other membership benefits. The license agreement term is two years and expires on August 31, 2023. Total remaining payments due under the licensing agreement in 2023 are \$114,200. POGO is able to terminate the agreement at any time for a fee equal to 10% of the unpaid remaining months in the agreement. POGO has determined that the license agreement is not a lease as defined by FASB ASU 2016-02, *Leases* (Topic 842) and as such, no right-of-use asset or operating lease liability is recognized on the statement of financial position.

NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following at December 31, 2022:

Subject to expenditure for specified purpose:	
Racial Equity	\$ 306,734
Ridenhour	65,275
Census	56,933
14 th Amendment	52,545
Open the Government	49,648
9/11	<u>3,953</u>
Subtotal	535,088
Subject to passage of time	<u>1,700,000</u>
Total Net Assets With Donor Restrictions	<u>\$ 2,235,088</u>

PROJECT ON GOVERNMENT OVERSIGHT, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 7 - CONCENTRATION OF CREDIT

POGO maintains its cash balance with a certain commercial financial institution, which aggregate balances may exceed, at times, the Federal Deposit Insurance Corporation (FDIC) insured limit of \$250,000 per depositor per institution. As of December 31, 2022, the balance exceeded the FDIC maximum insured limit by \$183,346. POGO monitors the creditworthiness of the institution and has not experienced any historical credit losses on its cash balance.

Money market funds are held with a certain financial institution and are insured up to \$500,000 by the Securities Investor Protection Corporation (SIPC). POGO's money market balance as of December 31, 2022 exceeded the SIPC maximum insured limit by \$1,220,151. POGO monitors the creditworthiness of the institution and has not experienced any historical credit losses on its money market funds.

NOTE 8 - 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	\$ 2,187,751
Investments	6,142,496
Grants receivable, net	<u>2,095,792</u>
Subtotal financial assets available within one year	\$ 10,426,039
Less:	
Amounts unavailable for general expenditures within one year due to donor purpose restrictions	(535,088)
Amounts unavailable for general expenditures within one year due to donor time restrictions	<u>(120,000)</u>
Financial Assets Available to Meet Cash Needs For General Expenditure Within One Year	<u>\$ 9,770,951</u>

POGO has a policy to structure its financial assets to be available and liquid as its obligations become due. As of December 31, 2022, POGO had financial assets available to cover more than one year of operating expenses.

NOTE 9 - CONTRIBUTED SERVICES AND EVENT SPACE

During the year ended December 31, 2022, POGO was the beneficiary of contributed services and event space totaling \$278,317. The contributed services primarily consisted of contributed legal services in support of POGO's program services and totaled \$267,607.

PROJECT ON GOVERNMENT OVERSIGHT, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 9 - CONTRIBUTED SERVICES AND EVENT SPACE (CONTINUED)

These services, which require specialized skill, are recognized as donated contributions at fair value when provided. The estimated fair value of these professional services are based on current market rates for similar professional services. POGO also received donated event space for use in its fundraising activities totaling \$10,710. The estimated fair value of the donated event space is based on the rate POGO would have otherwise had to pay for the event space if not donated. These amounts are included in contributed services revenue and program services and development expense in the accompanying statement of activities.

NOTE 10 - POGO ACTION, INC.

Due to restrictions on Section 501(c)(3) organizations, POGO Action Inc. (POGO Action) was created as a 501(c)(4) organization. POGO Action is organized for purposes of social welfare, including but not limited to conducting research, publicizing findings and advocating for a more effective, accountable, open and ethical Federal government, including proposing good government issues to candidates and to presidential transition teams.

Certain members of management and the Board of Directors of POGO also serve as management and members of the Board of Directors of POGO Action, respectively. However, POGO does not have a controlling financial interest in POGO Action.

POGO and POGO Action entered into a Sharing Agreement in February 2016. During the year ended December 31, 2022, there were no significant shared services provided by POGO to POGO Action and no related shared service revenue is recognized in the accompanying statement of activities.

NOTE 11 - PENSION PLAN

POGO maintains a simplified employee pension plan for all eligible employees. Employer contributions are discretionary, subject to annual approval of the Board of Directors of POGO. For the year ended December 31, 2022, POGO contributed 8% of each eligible employee's salary to the simplified employee pension plan, which totaled \$262,028 and is included as accrued pension contribution in the accompanying statement of financial position. The related expense is included in employee benefits in the accompanying statement of functional expenses.

PROJECT ON GOVERNMENT OVERSIGHT, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 12 - RETIREMENT PLAN

POGO sponsors a 403(b) retirement plan that is available to employees who meet certain eligibility requirements. Each employee may contribute up to \$20,500. POGO does not contribute to the 403(b) retirement plan.

NOTE 13 - JOINT COSTS

POGO conducts fundraising campaigns that include appeals for contributions as well as program components. POGO allocates the cost of the campaigns to the supported functional categories. The cost of these campaigns totaled \$240,126 for the year ended December 31, 2022, comprising of \$221,067 of program expenses and \$19,959 of development expenses.

NOTE 14 - INCOME TAXES

POGO 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. POGO is not a private foundation.

POGO performed an evaluation of uncertainty in tax positions for the year ended December 31, 2022, and determined that there are no matters that would require recognition in the financial statements or that may have any effect on its tax-exempt status. There are currently no examinations pending or in progress, regarding POGO's tax returns.

NOTE 15 - PRIOR YEAR SUMMARIZED FINANCIAL INFORMATION

The accompanying financial statements include certain prior year summarized comparative information in total but not by net asset class. Accordingly, such information should be read in conjunction with POGO's financial statements for the year ended December 31, 2021, from which the summarized information was derived.

NOTE 16 - SUBSEQUENT EVENTS

In preparing these financial statements, POGO has evaluated events and transactions for potential recognition or disclosure through May 11, 2023, the date the financial statements were issued. There were no subsequent events that were required to be recognized in the financial statements or disclosed.