

**Represent.Us Education Fund**

Financial Statements  
and Independent Auditor's Report

December 31, 2021 and 2020

# Represent.Us Education Fund

Financial Statements  
December 31, 2021 and 2020

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
Represent.Us Education Fund

### ***Opinion***

We have audited the accompanying financial statements of Represent.Us Education Fund (“the Fund”), which comprise the statement of financial position as of December 31, 2021; 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 financial statements referred to above present fairly, in all material respects, the financial position of the Fund as of December 31, 2021, 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. 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 the Fund 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.

### ***Other Matter***

The financial statements of the Fund as of December 31, 2020, were audited by other auditors whose report, dated October 27, 2021, expressed an unmodified opinion on those statements.

***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 the Fund'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. 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 the Fund'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.
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*Auditor's Responsibilities for the Audit of the Financial Statements (continued)*

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund'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.

Handwritten signature in black ink that reads "Rogers + Company PLLC". The "R" is large and stylized, and the rest of the text is in a cursive, handwritten style.

Vienna, Virginia  
October 18, 2022

## Represent.Us Education Fund

### Statements of Financial Position December 31, 2021 and 2020

	2021	2020
<b>Assets</b>		
Cash	\$ 2,583,064	\$ 3,887,229
Grants and contributions receivable	742,977	51,514
Employee retention credit receivable	1,510,013	-
Prepaid expenses and other assets	36,113	5,348
Property and equipment, net	221,528	201,703
Total assets	<u>\$ 5,093,695</u>	<u>\$ 4,145,794</u>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 791,463	\$ 101,114
Due to affiliate	659,687	443,234
Refundable advances	300,000	-
Loan payable – Paycheck Protection Program	522,383	522,383
Deferred rent	58,167	-
Total liabilities	<u>2,331,700</u>	<u>1,066,731</u>
<b>Net Assets</b>		
Without donor restrictions	806,129	3,079,063
With donor restrictions	1,955,866	-
Total net assets	<u>2,761,995</u>	<u>3,079,063</u>
Total liabilities and net assets	<u>\$ 5,093,695</u>	<u>\$ 4,145,794</u>

See accompanying notes.

## Represent.Us Education Fund

### Statement of Activities For the Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue and Support</b>			
Grants and contributions	\$ 5,270,701	\$ 2,279,000	\$ 7,549,701
In-kind contributions	82,081	-	82,081
Interest income	313	-	313
Other income	7,658	-	7,658
Employee retention credit	1,510,013	-	1,510,013
Released from restrictions	323,134	(323,134)	-
<b>Total revenue and support</b>	<b>7,193,900</b>	<b>1,955,866</b>	<b>9,149,766</b>
<b>Expenses</b>			
Program services:			
Education and communications	1,519,989	-	1,519,989
Research and planning	2,009,217	-	2,009,217
Awards and grants	603,499	-	603,499
Other projects	486,147	-	486,147
<b>Total program services</b>	<b>4,618,852</b>	<b>-</b>	<b>4,618,852</b>
Supporting services:			
Management and general	3,828,789	-	3,828,789
Fundraising	1,019,193	-	1,019,193
<b>Total supporting services</b>	<b>4,847,982</b>	<b>-</b>	<b>4,847,982</b>
<b>Total expenses</b>	<b>9,466,834</b>	<b>-</b>	<b>9,466,834</b>
<b>Change in Net Assets</b>	<b>(2,272,934)</b>	<b>1,955,866</b>	<b>(317,068)</b>
<b>Net Assets, beginning of year</b>	<b>3,079,063</b>	<b>-</b>	<b>3,079,063</b>
<b>Net Assets, end of year</b>	<b>\$ 806,129</b>	<b>\$ 1,955,866</b>	<b>\$ 2,761,995</b>

See accompanying notes.

## Represent.Us Education Fund

### Statement of Activities For the Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue and Support</b>			
Grants and contributions	\$ 6,458,011	\$ -	\$ 6,458,011
In-kind contributions	171,481	-	171,481
Other income	16,002	-	16,002
	<u>6,645,494</u>	<u>-</u>	<u>6,645,494</u>
<b>Expenses</b>			
Program services:			
Education and communications	2,010,831	-	2,010,831
Research and planning	894,161	-	894,161
Awards and grants	730,115	-	730,115
Other projects	309,784	-	309,784
	<u>3,944,891</u>	<u>-</u>	<u>3,944,891</u>
Total program services			
Supporting services:			
Management and general	1,032,239	-	1,032,239
Fundraising	712,762	-	712,762
	<u>1,745,001</u>	<u>-</u>	<u>1,745,001</u>
Total supporting services			
Total expenses	<u>5,689,892</u>	<u>-</u>	<u>5,689,892</u>
<b>Change in Net Assets</b>	955,602	-	955,602
<b>Net Assets, beginning of year</b>	<u>2,123,461</u>	<u>-</u>	<u>2,123,461</u>
<b>Net Assets, end of year</b>	<u>\$ 3,079,063</u>	<u>\$ -</u>	<u>\$ 3,079,063</u>

See accompanying notes.



**Represent.Us Education Fund**

Statement of Functional Expenses  
For the Year Ended December 31, 2021

	Program Services					Supporting Services			Total
	Education and Communications	Research and Planning	Awards and Grants	Other Projects	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Personnel	\$ 874,919	\$ 1,376,647	\$ -	\$ 120,850	\$ 2,372,416	\$ 2,263,852	\$ 869,461	\$ 3,133,313	\$ 5,505,729
Payroll taxes	65,620	93,080	-	8,793	167,493	111,611	52,123	163,734	331,227
Grants	5,450	107,500	603,499	-	716,449	-	-	-	716,449
Consulting	357,570	296,023	-	50,490	704,083	419,996	15,437	435,433	1,139,516
Office expenses	20,744	41,742	-	-	62,486	347,775	12,533	360,308	422,794
Communication costs	42,028	13,883	-	-	55,911	5,602	18,930	24,532	80,443
Occupancy	50,086	42,348	-	3,283	95,717	126,502	25,584	152,086	247,803
Professional fees	10,935	8,745	-	788	20,468	383,517	6,930	390,447	410,915
Advertising and promotion	82,916	5,188	-	-	88,104	18,489	549	19,038	107,142
Depreciation and amortization	515	844	-	63	1,422	31,335	547	31,882	33,304
Insurance	2,584	5,800	-	649	9,033	80,016	3,770	83,786	92,819
Travel	4,421	15,013	-	-	19,434	34,582	12,547	47,129	66,563
Conferences and meetings	-	-	-	300,999	300,999	1,051	-	1,051	302,050
Information technology	2,201	2,404	-	232	4,837	4,461	782	5,243	10,080
<b>Total Expenses</b>	<b>\$ 1,519,989</b>	<b>\$ 2,009,217</b>	<b>\$ 603,499</b>	<b>\$ 486,147</b>	<b>\$ 4,618,852</b>	<b>\$ 3,828,789</b>	<b>\$ 1,019,193</b>	<b>\$ 4,847,982</b>	<b>\$ 9,466,834</b>

See accompanying notes.

**Represent.Us Education Fund**

Statement of Functional Expenses  
For the Year Ended December 31, 2020

	Program Services					Supporting Services			Total
	Education and Communications	Research and Planning	Awards and Grants	Other Projects	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Personnel	\$ 425,309	\$ 526,265	\$ -	\$ 198,813	\$ 1,150,387	\$ 634,824	\$ 452,022	\$ 1,086,846	\$ 2,237,233
Payroll taxes	26,935	32,962	-	14,860	74,757	37,140	30,284	67,424	142,181
Grants	103,250	11,000	730,115	11,195	855,560	-	-	-	855,560
Consulting	963,458	277,338	-	-	1,240,796	78,561	101,072	179,633	1,420,429
Office expenses	6,776	3,881	-	7,346	18,003	131,691	43,591	175,282	193,285
Communication costs	84,230	434	-	10,220	94,884	2,151	21,931	24,082	118,966
Occupancy	26,740	22,717	-	9,958	59,415	24,872	20,932	45,804	105,219
Professional fees	338	412	-	143	893	46,411	333	46,744	47,637
Advertising and promotion	354,060	-	-	33,866	387,926	-	22,269	22,269	410,195
Depreciation and amortization	-	-	-	-	-	17,351	-	17,351	17,351
Insurance	1,361	1,781	-	493	3,635	5,036	1,313	6,349	9,984
Travel	4,883	2,261	-	20,944	28,088	30,361	9,864	40,225	68,313
Conferences and meetings	800	-	-	-	800	-	-	-	800
Information technology	12,691	15,110	-	1,946	29,747	23,841	9,151	32,992	62,739
<b>Total Expenses</b>	<b>\$ 2,010,831</b>	<b>\$ 894,161</b>	<b>\$ 730,115</b>	<b>\$ 309,784</b>	<b>\$ 3,944,891</b>	<b>\$ 1,032,239</b>	<b>\$ 712,762</b>	<b>\$ 1,745,001</b>	<b>\$ 5,689,892</b>

See accompanying notes.

## Represent.Us Education Fund

### Statements of Cash Flows For the Years Ended December 31, 2021 and 2020

	2021	2020
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ (317,068)	\$ 955,602
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	33,304	17,351
Change in operating assets and liabilities:		
(Increase) decrease in:		
Grants and contributions receivable	(691,463)	61,214
Employee retention credit receivable	(1,510,013)	-
Prepaid expenses and other assets	(30,765)	(73,343)
Increase (decrease) in:		
Accounts payable and accrued expenses	690,349	56,866
Due to affiliate	216,453	143,481
Refundable advances	300,000	-
Deferred rent	58,167	-
	(1,251,036)	1,161,171
<b>Cash Flows from Investing Activity</b>		
Purchases of property and equipment	(53,129)	(70,124)
	(53,129)	(70,124)
<b>Cash Flows from Financing Activity</b>		
Loan payable – Paycheck Protection Program	-	522,383
	-	522,383
<b>Net (Decrease) Increase in Cash</b>	(1,304,165)	1,613,430
<b>Cash, beginning of year</b>	3,887,229	2,273,799
<b>Cash, end of year</b>	\$ 2,583,064	\$ 3,887,229

*See accompanying notes.*

## Represent.Us Education Fund

Notes to Financial Statements  
December 31, 2021 and 2020

### 1. Nature of Operations

Represent.Us Education Fund (“the Fund”) was incorporated in 2008 as the Change Congress Forum, and subsequently conducted business as the Change V2 Foundation, Democracy Fund, Fund for the Republic, and United Republic Education Fund.

The Fund is a national, nonpartisan nonprofit 501(c)(3) organization working to educate the public on democratic reform efforts to fix our broken political system. Through education, research and grantmaking, the Fund promotes equality, ethics, representation and transparency in elections and government.

The Fund’s principal program service activities consist of the following:

#### *Education and Communications*

The Fund elevates the national pro-democracy dialogue by taking complex ideas and presenting them in a way that resonates with diverse audiences. In 2021, the Fund launched public education campaigns responding to attacks on democracy in the 2020 election, spreading the word about the urgent need for action. These videos reached 20 million people.

To educate the public about the problem of gerrymandering, the Fund launched several products – including a Gerrymandering Threat Index, public releases grading voting districts as they were released, and a multi-city earned media tour.

#### *Research and Planning*

The Fund conducts in-depth research related to electoral reform to support its campaign work and identify the most impactful policies for improving our political system. Ongoing research aims to evaluate the impact of public policy on state and local communities, provide campaigns and partner organizations with necessary information, and generate products that further understanding of and support for reform.

## Represent.Us Education Fund

Notes to Financial Statements  
December 31, 2021 and 2020

### 1. Nature of Operations (continued)

#### *Awards and Grants*

In 2021, the Fund made grants to Represent.Us to support public education, research, and cross-partisan outreach activities. Grant funds were used to develop multi-channel public education campaigns to inform voters about the challenges faced by our democracy and on viable policy solutions. Funds were also used to promote educational content about popular, smart political reforms including independent redistricting commissions, ranked choice voting, and ethics/campaign finance reform; to produce compelling videos; and to provide of-the-moment communications on news items impacting our democracy. Grantmaking also underwrote the recruitment and training of volunteers.

### 2. Summary of Significant Accounting Policies

#### Basis of Accounting and Presentation

The Fund's financial statements are prepared on the accrual basis of accounting. Net assets are reported based on the presence or absence of donor-imposed restrictions as follows:

- *Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
- *Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. The Fund reports grants contributions restricted by donors 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 grants and 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 statements of activities as net assets released from restrictions.

## Represent.Us Education Fund

Notes to Financial Statements  
December 31, 2021 and 2020

### 2. Summary of Significant Accounting Policies (continued)

#### Grants and Contributions Receivable

Grants and contributions receivable represent unconditional amounts committed to the Fund. Grants and contributions receivable are reflected at either net realizable value, or at net present value based on projected cash flows. Management determines the allowance for doubtful accounts based upon review of outstanding receivables, historical collection information, and existing economic conditions. No allowance for uncollectible grants and contributions receivable has been established at both December 31, 2021 and 2020, as all amounts are deemed fully collectible.

#### Property and Equipment

Property and equipment acquisitions with a cost in excess of \$1,000 and a projected useful life exceeding one year are capitalized and recorded at cost. Depreciation is computed using the straight-line method over their estimated useful lives, which range from three to 10 years. Leasehold improvements are stated at cost, and are amortized using the straight-line method over the shorter of their estimated useful lives or the lease term. Repairs and maintenance costs are expensed as incurred.

#### Grants Payable and Grant Expenses

Grants awarded by the Fund are recognized ratably over the period of performance, as conditions are met, in accordance with the grant agreements. Grant expenses recognized but not paid are recognized as grants payable. Grants paid in advance, if any, are recognized as prepaid expenses.

#### Refundable Advances

Amounts received from grantors prior to incurring qualifying expenditures are recorded as refundable advances in the accompanying statements of financial position.

#### Use of Estimates

The preparation of 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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

## **Represent.Us Education Fund**

Notes to Financial Statements  
December 31, 2021 and 2020

### **2. Summary of Significant Accounting Policies (continued)**

#### Revenue Recognition

The Fund recognizes grants and contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been met. The Fund reports gifts of cash and other assets as restricted support if they are received or promised with donor stipulations that limit the use of the donated assets to one of the Fund's programs or to a future year.

Revenue from all other sources is recognized when earned.

#### In-Kind Contributions

The value of contributions that enhance a nonfinancial asset, which are considered specialized and can be estimated, and would have been purchased if not donated, are reflected in the accompanying statements of activities as in-kind contributions. In-kind contributions are recognized as revenue and expense in the accompanying statements of activities at their estimated fair value, as provided by the donor, at the date of receipt, or calculated fair value of use of property in the period the property is used.

The Fund also receives services donated by volunteers in carrying out its program services. These donated services are not reflected in the accompanying financial statements since they do not meet the criteria for recognition.

#### Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

#### Advertising and Promotion Costs

Advertising and promotion costs are expensed as incurred.

## Represent.Us Education Fund

Notes to Financial Statements  
December 31, 2021 and 2020

### 2. Summary of Significant Accounting Policies (continued)

#### Recently Issued Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases*. The update requires a lessee to recognize a right-of-use asset and lease liability, initially measured at the present value of the lease payments, in its statements of financial position. The guidance also expands the required quantitative and qualitative lease disclosures. The guidance is effective in 2022. Management continues to evaluate the potential impact of this update on the Fund's financial statements.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires a not-for-profit entity to present contributed nonfinancial assets in the statements of activities as a line item that is separate from contributions of cash or other financial assets. ASU 2020-07 also requires additional qualitative and quantitative disclosures about contributed nonfinancial assets received, disaggregated by category. This ASU is effective in 2022 and is not expected to have a significant impact on the Fund's financial statements.

#### Reclassifications

Certain amounts in the 2020 financial statements have been reclassified to conform to the 2021 presentation. These reclassifications have no effect on the change in net assets previously reported.

#### Subsequent Events

In preparing these financial statements, the Fund has evaluated events and transactions for potential recognition or disclosure through October 18, 2022, the date the financial statements were available to be issued.



## Represent.Us Education Fund

Notes to Financial Statements  
December 31, 2021 and 2020

### 3. Liquidity and Availability

The Fund strives to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Management periodically reviews the Fund's liquid asset needs and adjusts the cash balance as necessary.

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, comprise the following at December 31:

	2021	2020
Cash	\$ 2,583,064	\$ 3,887,229
Grants and contributions receivable	742,977	51,514
Employee retention credit receivable	1,510,013	-
Total financial assets	4,836,054	3,938,743
Less: net assets with donor restrictions	(1,955,866)	-
Total available for general expenditures	<u>\$ 2,880,188</u>	<u>\$ 3,938,743</u>

### 4. Concentrations of Risk

#### Credit Risk

Financial instruments that potentially subject the Fund to significant concentrations of credit risk consist of cash. The Fund maintains cash deposit and transaction accounts with various financial institutions and these values, from time to time, may exceed insurable limits under the Federal Deposit Insurance Corporation (FDIC). The Fund has not experienced any credit losses on its cash to date as it relates to FDIC insurance limits. Management periodically assesses the financial condition of these financial institutions and believes that the risk of any credit loss is minimal.

#### Revenue Risk

For the years ended December 31, 2021 and 2020, a substantial portion of the Fund's revenue was generated from a small number of grantors and donors. For the year ended December 31, 2021, \$2,000,000 was received from two donors, and for the year ended December 31, 2020, \$2,000,000 was received from two donors. These amounts approximate 22% and 30% of the Fund's total revenue and support for the years ended December 31, 2021 and 2020, respectively. Any significant reduction in revenue and support may impact the Fund's financial position and operations.

## Represent.Us Education Fund

Notes to Financial Statements  
December 31, 2021 and 2020

### 5. Property and Equipment

The Fund held the following property and equipment at December 31:

	<u>2021</u>	<u>2020</u>
Leasehold improvements	\$ 199,774	\$ 199,774
Furniture and fixtures	81,780	105,963
Computer equipment	<u>58,516</u>	<u>23,138</u>
Total property and equipment	340,070	328,875
Less: accumulated depreciation and amortization	<u>(118,542)</u>	<u>(127,172)</u>
Property and equipment, net	<u>\$ 221,528</u>	<u>\$ 201,703</u>

### 6. Loan Payable – Paycheck Protection Program

The Fund applied for a loan under the Paycheck Protection Program (PPP) pursuant to Division A, Title 1 of the CARES Act, which was enacted on March 27, 2020. The PPP loan is designed to provide a direct incentive for organizations to keep their workers on the payroll through the COVID-19 pandemic, for which the Fund qualified. After the loans are granted, the Small Business Administration (SBA) will forgive loans if all employee retention criteria are met, and the funds are used for eligible expenses (which primarily consist of payroll costs, costs used to continue group healthcare benefits, rent, and utilities).

The Paycheck Protection Program Flexibility Act of 2020 was enacted on June 5, 2020, and amends the PPP to give borrowers more freedom in how and when loan funds are spent while retaining the possibility of full forgiveness.

The PPP loan was granted to the Fund on May 14, 2020 in the amount of \$522,383 and it is management's intention to use the entire loan amount for qualifying expenses in order to apply for full forgiveness. Once the loan is, in part or wholly, forgiven and legal release is received, the Fund will reduce the liability by the amount forgiven and record a gain on debt extinguishment in the statements of activities, which is expected to occur in fiscal year 2022.

Subsequent to year end, on February 4, 2022, the full amount of this PPP loan was forgiven by the SBA.

## Represent.Us Education Fund

Notes to Financial Statements  
December 31, 2021 and 2020

### 7. Net Assets

Net assets with donor restrictions consist of the following at December 31, 2021:

Purpose restricted:	
Campaign Accelerator Program	\$ 1,482,107
Anti Gerrymandering Project	23,759
Time restricted	<u>450,000</u>
Total net assets with donor restrictions	<u>\$ 1,955,866</u>

The Fund did not have any net assets with donor restrictions at December 31, 2020.

### 8. Related Party Transactions

The Fund is affiliated with Represent.Us, a tax-exempt organization under Section 501(c)(4) of the Internal Revenue Code (IRC), sharing some common governing body. Consolidated financial statements are not presented as the Fund lacks sufficient controlling financial interest in Represent.Us as it does not have a majority voting in the Represent.Us' Board.

The Fund maintains a cost-sharing agreement with Represent.Us, whereby the Fund provides personnel, equipment, and facilities to Represent.Us. Costs associated with these services and the use of the Fund's facilities are allocated to the Fund under the terms of this cost-sharing agreement. For the years ended December 31, 2021 and 2020, Represent.Us reimbursed the Fund \$1,200,000 and \$2,350,000, respectively, for these costs.

During the years ended December 31, 2021 and 2020, Represent.Us was awarded unconditional grants from the Fund totaling \$603,499 and \$730,115 for program services. At December 31, 2021 and 2020, the Fund had a net payable in the amount of \$659,687 and \$443,234, respectively, to Represent.Us.

## Represent.Us Education Fund

Notes to Financial Statements  
December 31, 2021 and 2020

### 9. Commitments and Contingencies

#### Operating Leases

The Fund maintains an operating lease agreement for its office space in Florence, Massachusetts, which commenced on February 1, 2018 and is set to expire on January 31, 2026. Monthly rent for the year ended December 31, 2021 was \$9,313. Monthly rent for the year ending December 31, 2022 will be \$9,313. Beginning on January 1, 2023 and on each remaining anniversary of the lease, the rent will increase by the multiplier obtained by dividing the most recent Consumer Price Index (All Urban Consumers Index), by the December 31, 2019 CPI-U index. The lease also requires the Fund to pay an additional 7% for general real estate taxes and necessary operating expenses of the building.

The unamortized portion of the cumulative difference between the actual rent paid and the straight-line rent is reflected as deferred rent in the accompanying statements of financial position.

Rent expense was \$103,273 and \$109,108 for the years ended December 31, 2021 and 2020, respectively, which is included in occupancy in the accompanying statements of functional expenses.

#### *Sublease*

Subsequent to year end, the Fund entered into a sublease agreement to utilize a portion of its available office space that commenced on April 15, 2022 and is set to expire on April 14, 2023.

Future minimum lease payments for office lease, net of sublease receipts, are as follows for the years ending December 31:

	Office Lease Payments	Sublease Receipts	Net
2022	\$ 111,759	\$ (29,750)	\$ 82,009
2023	115,109	(12,250)	102,859
2024	118,562	-	118,562
2025	122,119	-	122,119
2026	10,482	-	10,482
Total	<u>\$ 478,031</u>	<u>\$ (42,000)</u>	<u>\$ 436,031</u>

## **Represent.Us Education Fund**

Notes to Financial Statements  
December 31, 2021 and 2020

### **9. Commitments and Contingencies (continued)**

#### Grant Contingencies

Grants received by the Fund are governed by various guidelines and contractual agreements and are subject to audit or review by the applicable funding source that could result in requests for reimbursements for expenditures that are not allowed. Therefore, a contingency to refund amounts received in excess of allowable costs exists. Management is of the opinion that no material liability exists.

#### General Contingencies

From time to time, the Fund may be a party to lawsuits or have claims pending against it. In management's opinion, the ultimate liabilities, if any, resulting from such lawsuits and claims, will not materially affect the financial position of the Fund.

### **10. Retirement Plan**

The Fund maintains a defined contribution 401(k) retirement plan for all eligible employees. Employees are eligible to join the plan after three months of employment. The plan allows for direct funding by employees through payroll deductions and for an employer contribution up to 3% of the eligible employees' annual salary. Employer contributions totaled \$83,332 and \$44,909 for the years ended December 31, 2021 and 2020, respectively.

### **11. Allocation of Expenses from Management and General Activities**

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include expense categories in the accompanying statements of functional expenses, which are allocated on the basis of estimates of time and effort.

## **Represent.Us Education Fund**

Notes to Financial Statements  
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### **12. Employee Retention Credit**

The Employee Retention Credit (ERC) was established by the CARES Act in March 2020. It was intended to help businesses retain their workforces and avoid layoffs during the coronavirus pandemic. It provides a per employee credit to eligible businesses based on a percentage of qualified wages and health insurance benefits paid to employees. It works as a refundable payroll tax credit claimed quarterly, and it can provide reductions to payroll taxes or cash refunds. The CARES Act did not allow businesses that received PPP loans to also claim the ERC, but the Consolidated Appropriations Act, which was enacted at the end of 2020, retroactively removed the limitation so entities that had applied for or received PPP loans could still get the ERC.

With this restriction removed, the Fund was eligible for total credits of \$1,510,013 for the year ended December 31, 2021, which is shown as employee retention credit in the accompanying statements of activities. Outstanding credits are shown as employee retention credit receivable in the accompanying statements of financial position. Subsequent to year-end, on June 16, 2022, the Fund received \$212,637 for the ERC for the fourth quarter of 2020.

Laws and regulations concerning government programs, including the ERC established by the CARES Act, are complex and subject to varying interpretations. Claims made under the CARES Act may also be subject to retroactive audit and review. There can be no assurance that regulatory authorities will not challenge the Fund's claim to the ERC, and it is not possible to determine the impact, if any, this would have upon the Fund.

### **13. Income Taxes**

The Fund is exempt from the payment of income taxes on its exempt activities under IRC Section 501(c)(3). No provision for income taxes has been made, as there were no unrelated business activities for the years ended December 31, 2021 and 2020. Management has evaluated the Fund's tax positions and concluded that no uncertain tax positions qualify for either recognition or disclosure in the financial statements.