



**PROJECT ON GOVERNMENT OVERSIGHT, INC.**

**FINANCIAL STATEMENTS**

**AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2023**

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

**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, 2023, 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, 2023, 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 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 11, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Marcum LLP*

Washington, DC  
May 1, 2024

**PROJECT ON GOVERNMENT OVERSIGHT, INC.**

**STATEMENT OF FINANCIAL POSITION**

**DECEMBER 31, 2023**

**(WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2022)**

	<u>2023</u>	<u>2022</u>
<b>Assets</b>		
Cash – bank account	\$ 351,187	\$ 457,598
Cash equivalents – money market	3,301,581	1,730,153
Grants and contributions receivable, net	972,241	2,095,792
Prepaid expenses and other assets	196,634	318,684
Investments	6,689,806	6,142,496
Fixed assets, net	<u>179,208</u>	<u>44,500</u>
<b>Total Assets</b>	<u>\$ 11,690,657</u>	<u>\$ 10,789,223</u>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 81,002	\$ 54,807
Contract liabilities	--	50,000
Accrued pension contribution	<u>328,700</u>	<u>262,028</u>
<b>Total Liabilities</b>	<u>409,702</u>	<u>366,835</u>
<b>Net Assets</b>		
Without donor restrictions	8,475,037	8,187,300
With donor restrictions	<u>2,805,918</u>	<u>2,235,088</u>
<b>Total Net Assets</b>	<u>11,280,955</u>	<u>10,422,388</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 11,690,657</u>	<u>\$ 10,789,223</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, 2023**

**(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECMEBER 31, 2022)**

	Without Donor Restrictions	With Donor Restrictions	2023	2022
<b>Revenue and Support</b>				
Foundation grants	\$ 2,420,000	\$ 2,357,000	\$ 4,777,000	\$ 6,820,024
Contributions from individuals	831,850	1,908,247	2,740,097	1,630,702
Realized and unrealized gain on investments	1,145,796	--	1,145,796	(852,943)
Interest and dividend income	263,198	--	263,198	127,232
Other income	153,337	--	153,337	67,743
Contributed services	71,331	--	71,331	278,317
Net assets released from donor restrictions:				
Satisfaction of time restrictions	2,125,000	(2,125,000)	--	--
Satisfaction of purpose restrictions	1,569,417	(1,569,417)	--	--
<b>Total Revenue and Support</b>	<u>8,579,929</u>	<u>570,830</u>	<u>9,150,759</u>	<u>8,071,075</u>
<b>Expenses</b>				
Program Services:				
General Program and Policy	3,486,781	--	3,486,781	3,267,713
Center for Defense Information	664,821	--	664,821	613,828
Civic Engagement	416,879	--	416,879	613,107
The Constitution Project	373,116	--	373,116	694,422
Congressional Oversight Initiative	356,573	--	356,573	364,086
Customs and Border Protection Oversight	334,437	--	334,437	256,131
Racial Equity Project	243,760	--	243,760	85,819
Justice, Equity, Diversity, Inclusion	212,233	--	212,233	185,167
Census Project	164,754	--	164,754	84,067
Transparency in Federal Spending	79,784	--	79,784	--
FOIA Litigation	71,614	--	71,614	73,410
14th Amendment	65,979	--	65,979	72,455
Open the Government	60,553	--	60,553	51,825
Deaths in Police Custody Project	59,063	--	59,063	--
Lobbying	40,866	--	40,866	58,084
<b>Total Program Services</b>	<u>6,631,213</u>	<u>--</u>	<u>6,631,213</u>	<u>6,420,114</u>
Supporting Services:				
General and administrative	696,078	--	696,078	606,271
Development	703,184	--	703,184	573,707
<b>Total Supporting Services</b>	<u>1,399,262</u>	<u>--</u>	<u>1,399,262</u>	<u>1,179,978</u>
<b>Total Expenses</b>	<u>8,030,475</u>	<u>--</u>	<u>8,030,475</u>	<u>7,600,092</u>
Change in Net Assets Before Other Items	549,454	570,830	1,120,284	470,983
Loss on Discontinuance of Event	(261,717)	--	(261,717)	--
<b>Change in Net Assets</b>	287,737	570,830	858,567	470,983
<b>Net Assets At Beginning of Year</b>	<u>8,187,300</u>	<u>2,235,088</u>	<u>10,422,388</u>	<u>9,951,405</u>
<b>Net Assets At End of Year</b>	<u>\$ 8,475,037</u>	<u>\$ 2,805,918</u>	<u>\$ 11,280,955</u>	<u>\$ 10,422,388</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, 2023

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2022)

	2023																			2022	
	Program Services												Supporting Services			Total	Total				
	General Program and Policy	Center for Defense Information	Civic Engagement	The Constitution Project	Congressional Oversight Initiative	Customs & Border Protection Oversight	Racial Equity Project	Justice, Equity, Diversity, Inclusion	Census Project	Transparency In Federal Spending	FOIA Litigation	14th Amendment	Open the Government	Deaths in Police Custody Project	Lobbying	Total Program Services	General and Administrative	Development	Total Supporting Services	Total	2022 Total
Personnel costs:																					
Salaries	\$ 2,408,460	\$ 458,331	\$ 147,929	\$ 244,529	\$ 242,388	\$ 188,291	\$ 150,552	\$ 105,915	\$ 90,432	\$ 56,129	\$ 14,939	\$ 45,668	\$ 40,207	\$ 42,618	\$ 30,032	\$ 4,266,420	\$ 362,896	\$ 370,423	\$ 733,319	\$ 4,999,739	\$ 4,542,392
Employee benefits	328,190	63,573	20,158	33,448	34,196	26,016	20,623	14,565	11,856	7,361	2,033	6,412	5,503	6,021	4,137	584,092	50,753	49,467	100,220	684,312	565,469
Payroll taxes	188,513	35,728	11,529	18,811	18,996	14,724	11,687	8,254	6,948	4,241	1,205	3,590	3,080	3,369	2,350	333,025	28,266	28,631	56,897	389,922	357,459
<b>Total personnel costs</b>	<b>2,925,163</b>	<b>557,632</b>	<b>179,616</b>	<b>296,788</b>	<b>295,580</b>	<b>229,031</b>	<b>182,862</b>	<b>128,734</b>	<b>109,236</b>	<b>67,731</b>	<b>18,177</b>	<b>55,670</b>	<b>48,790</b>	<b>52,008</b>	<b>36,519</b>	<b>5,183,537</b>	<b>441,915</b>	<b>448,521</b>	<b>890,436</b>	<b>6,073,973</b>	<b>5,465,320</b>
Outreach	96,978	16,447	212,786	11,696	9,675	11,541	4,860	3,809	18,816	1,764	698	2,531	1,535	1,490	1,024	395,650	--	185,728	185,728	581,378	537,904
Consultant fees	74,809	6,363	1,933	3,839	2,805	50,815	15,440	68,108	22,243	1,268	243	795	1,217	394	293	250,565	107,943	6,714	114,657	365,222	261,304
Legal fees	67,044	16,538	3,872	35,601	6,158	18,132	5,489	1,736	3,302	3,961	49,536	2,555	3,359	428	379	218,090	22,534	7,669	30,203	248,293	331,044
Technology	67,699	6,890	3,479	3,566	3,705	2,886	2,333	1,538	1,367	809	232	633	2,396	616	415	98,564	5,476	8,110	13,586	112,150	196,103
Web/Internet	61,981	9,265	2,903	4,764	4,965	3,736	3,053	2,151	1,071	312	945	787	855	578	99,141	--	7,364	7,364	106,505	149,032	
Shared space license fee	46,453	8,954	2,963	4,581	4,906	3,574	2,806	2,074	2,487	924	305	870	664	899	623	83,083	7,121	6,822	13,943	97,026	139,591
Printing and postage	38,467	22,670	1,718	2,929	4,124	2,568	2,003	1,268	1,115	691	387	701	610	507	328	80,086	26	9,487	9,513	89,599	206,101
Research materials and documents	36,638	6,265	2,015	3,261	3,298	2,907	12,941	1,476	1,547	803	231	838	647	549	368	73,784	173	46	219	74,003	59,519
Travel	23,112	8,144	1,424	3,159	2,792	6,380	9,027	142	170	80	416	40	87	78	52	55,103	3,190	3,968	7,158	62,261	20,595
Membership and professional growth	24,834	2,379	3,186	1,067	1,653	1,346	1,616	450	716	171	944	151	119	994	126	39,752	2,350	1,469	3,819	43,571	17,597
Accounting fees	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	42,120	--	42,120	42,120	19,432
Insurance	10,218	2,057	613	1,096	1,073	883	728	461	1,427	272	64	200	207	176	120	19,595	15,222	1,727	16,949	36,544	29,764
Bank, payroll and filing fees	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	21,455	13,215	34,670	34,670	25,115
Meeting expenses	6,116	65	95	22	15,595	59	56	--	--	--	29	--	--	--	--	22,037	847	220	1,067	23,104	8,343
Recruiting	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	17,286	--	17,286	17,286	17,561
Office and other	2,686	104	--	92	27	--	102	--	99	--	--	--	--	--	--	3,110	8,420	698	9,118	12,228	10,924
Depreciation and amortization	4,583	1,048	276	655	217	579	444	286	454	239	40	50	135	69	41	9,116	--	1,426	1,426	10,542	--
Event costs	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	64,843
Awards	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	40,000
<b>Total Expenses</b>	<b>\$ 3,486,781</b>	<b>\$ 664,821</b>	<b>\$ 416,879</b>	<b>\$ 373,116</b>	<b>\$ 356,573</b>	<b>\$ 334,437</b>	<b>\$ 243,760</b>	<b>\$ 212,233</b>	<b>\$ 164,754</b>	<b>\$ 79,784</b>	<b>\$ 71,614</b>	<b>\$ 65,979</b>	<b>\$ 60,553</b>	<b>\$ 59,063</b>	<b>\$ 40,866</b>	<b>\$ 6,631,213</b>	<b>\$ 696,078</b>	<b>\$ 703,184</b>	<b>\$ 1,399,262</b>	<b>\$ 8,030,475</b>	<b>\$ 7,600,092</b>

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, 2023**

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

	<u>2023</u>	<u>2022</u>
<b>Cash Flows From Operating Activities</b>		
Change in Net Assets	\$ 858,567	\$ 470,983
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	10,542	--
Realized and unrealized (gains) losses on investments	(1,145,796)	852,943
Loss on disposal of property and equipment	20,000	--
Gain on the sale of land	(10,668)	--
Change in assets and liabilities:		
Grants and contributions receivable	1,123,551	(1,845,692)
Prepaid expenses and other assets	122,050	(174,051)
Accounts payable and accrued expenses	26,195	(19,862)
Contract liabilities	(50,000)	50,000
Accrued pension contribution	66,672	(59,482)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<u>1,021,113</u>	<u>(725,161)</u>
<b>Cash Flows From Investing Activities</b>		
Purchases of fixed assets	(189,750)	(20,000)
Net proceeds on the sale of land	35,168	--
Purchases of investments	(301,514)	(5,125,649)
Proceeds of sale of investments	<u>900,000</u>	<u>1,343,629</u>
<b>Net Cash Provided by (Used in) Investing Activities</b>	<u>443,904</u>	<u>(3,802,020)</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	1,465,017	(4,527,181)
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>2,187,751</u>	<u>6,714,932</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 3,652,768</u>	<u>\$ 2,187,751</u>
<b>Reconciliation of cash and cash equivalents</b>		
Cash – bank account	\$ 351,187	\$ 457,598
Cash equivalents – money market	<u>3,301,581</u>	<u>1,730,153</u>
<b>Total Cash and Cash Equivalents</b>	<u>\$ 3,652,768</u>	<u>\$ 2,187,751</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, 2023

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### 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 when purchased. All cash equivalents as of December 31, 2023 consisted of money market funds.

#### *GRANTS AND CONTRIBUTIONS RECEIVABLE*

Grants and contributions receivable represent unconditional promises to give from non-reciprocal foundation grants and contributions from individuals. Grants and contributions receivable that are expected to be collected within one year are recorded at net realizable value. Grants and contributions 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 and contributions 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, 2023

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### 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, 2023, 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, 2023, 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, 2023

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

#### *REVENUE RECOGNITION*

The majority of POGO's activities are supported by non-reciprocal foundation grants (grants) and contributions from individuals (contributions). Revenue is recognized upon notification of the award and satisfaction of all conditions, if applicable. Unconditional grants and contributions that 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 and contributions 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 \$70,000 for the year ended December 31, 2023. Cash received in advance of performance obligations being satisfied is reflected as contract liabilities in the accompanying statement of financial position. There were no contract liabilities as of December 31, 2023.

#### *CONTRIBUTED SERVICES*

Contributed services meeting recognition criteria under GAAP are recognized in the accompanying statement of activities as revenue and support and as expense, based on the estimated fair value of such services. POGO did not monetize any contributed nonfinancial assets and contributed nonfinancial assets did not have any donor-imposed restrictions.

Contributed services recognized during the year ended December 31, 2023 totaled \$71,331 and consist entirely of pro-bono 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. Such activities are reflected in program services expense in the accompanying statements of activities and functional expenses. Contributed services are valued and reported at estimated fair value in the financial statements based on current market rates for similar legal services. For those services that do not require special expertise, the estimated value of such contributed services has not been recorded in the accompanying financial statements.

# PROJECT ON GOVERNMENT OVERSIGHT, INC.

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

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

#### *FUNCTIONAL ALLOCATION OF EXPENSES*

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of 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.

#### *RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENT*

In June 2016, the Financial Accounting Standards Board (“FASB”) issued guidance (FASB Accounting Standards Codification 326) which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity’s exposure to credit risk and the measurement of credit losses. Financial assets held by POGO that are subject to guidance in FASB ASC 326 were trade accounts receivable.

POGO adopted the standard effective January 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in new and enhanced disclosures only.

# PROJECT ON GOVERNMENT OVERSIGHT, INC.

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2023

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#### NOTE 2 – GRANTS AND CONTRIBUTIONS RECEIVABLE

Grants and contributions receivable were due as follows as of December 31, 2023:

Amounts due in less than one year	\$ 898,491
Amounts due in 2025	<u>80,000</u>
	978,491
Less: allowance for doubtful accounts	<u>(6,250)</u>
<b>Grants and Contributions Receivable, Net</b>	<b><u>\$ 972,241</u></b>

As of December 31, 2023, 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, 2023, POGO had \$25,014 due from one donor which was not yet recognized in the financial statements due to POGO not yet meeting donor-imposed conditions. Such conditions include measurable performance criteria which create a barrier that must be overcome prior to POGO receiving the final grant installment.

#### NOTE 3 - INVESTMENTS AND FAIR VALUE MEASUREMENT

Investments consisted of the following as of December 31, 2023:

Mutual funds – equities	\$ 2,757,675
Exchange traded funds – equities	2,520,941
Mutual funds – fixed income	<u>1,411,190</u>
<b>Total Investments</b>	<b><u>\$ 6,689,806</u></b>

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, 2023, 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, 2023

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### NOTE 4 - FIXED ASSETS

Fixed assets consisted of the following at December 31, 2023:

Website	\$ 189,750
Furniture and computers	<u>3,600</u>
Total fixed assets	193,350
Less: Accumulated depreciation and amortization	<u>(14,142)</u>
<b>Fixed Assets, Net</b>	<b><u>\$ 179,208</u></b>

### NOTE 5 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following at December 31, 2023:

Subject to expenditure for specified purpose:	
Pentagon Accountability	\$ 1,000,425
Defense/CDI	323,238
Customs and Border Protection	215,564
Census	154,181
Federal Spending Integrity	145,217
Racial Equity	<u>107,293</u>
Subtotal	1,945,918
Subject to passage of time	<u>860,000</u>
<b>Total Net Assets With Donor Restrictions</b>	<b><u>\$ 2,805,918</u></b>

### NOTE 6 - CONCENTRATION OF CREDIT RISK

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, 2023, the balance exceeded the FDIC maximum insured limit by \$101,188. 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 certain financial institutions and are insured up to \$500,000 per institution by the Securities Investor Protection Corporation ("SIPC"). POGO's money market balance as of December 31, 2023 exceeded the SIPC maximum insured limit per institution by \$2,751,565. POGO monitors the creditworthiness of the institutions and has not experienced any historical credit losses on its money market funds.

# PROJECT ON GOVERNMENT OVERSIGHT, INC.

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

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### NOTE 7 - 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	\$ 3,652,768
Investments	6,689,806
Grants and contributions receivable, net	<u>972,241</u>
Subtotal financial assets	11,314,815
Less:	
Amounts unavailable for general expenditures within one year due to donor purpose restrictions	(1,945,918)
Amounts unavailable for general expenditures within one year due to donor time restrictions	<u>(80,000)</u>
<b>Financial Assets Available to Meet Cash Needs For General Expenditure Within One Year</b>	<b><u>\$ 9,288,897</u></b>

POGO has a policy to structure its financial assets to be available and liquid as its obligations become due. As of December 31, 2023, POGO had financial assets available to cover more than one year of operating expenses.

### NOTE 8 - 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, 2023, 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.

# PROJECT ON GOVERNMENT OVERSIGHT, INC.

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2023

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#### NOTE 9 - 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, 2023, POGO contributed 8% of each eligible employee's salary to the simplified employee pension plan, which totaled \$328,700 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.

#### NOTE 10 - 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 \$22,500. POGO does not contribute to the 403(b) retirement plan.

#### NOTE 11 – 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 \$231,441 for the year ended December 31, 2023, comprising of \$214,230 of program expenses and \$17,211 of development expenses.

#### NOTE 12 - 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, 2023, 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 13 - 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, 2022, from which the summarized information was derived.



# **PROJECT ON GOVERNMENT OVERSIGHT, INC.**

## **NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2023**

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### **NOTE 14 - RECLASSIFICATIONS**

Certain prior year amounts have been reclassified between program service categories on the statements of activities and functional expenses to conform to the current year financial statement presentation. There was no effect on net position or results of operations as a result of the reclassifications.

### **NOTE 15 - SUBSEQUENT EVENTS**

In preparing these financial statements, POGO has evaluated events and transactions for potential recognition or disclosure through May 1, 2024, the date the financial statements were issued. There were no subsequent events that were required to be recognized in the financial statements or disclosed.