# **FINANCIAL STATEMENTS**

with

# **INDEPENDENT AUDITORS' REPORT**

# YEARS ENDED DECEMBER 31, 2022 AND 2021



CERTIFIED PUBLIC ACCOUNTANTS

80 Flanders Road, Suite 200 🝿 Westborough, Massachusetts 01581 Tel: 508.871.7178 Fax: 508.871.7179 www.ssbcpa.com

# **REPORT ON FINANCIAL STATEMENTS**

# YEARS ENDED DECEMBER 31, 2022 AND 2021



# AMERICAN PROMISE

**Mission Statement** 

To empower, inspire, and organize Americans to win the cause of our time: the 28th Amendment. This historic reform will rebalance our politics and government by putting the rights of individual citizens and the interests of the nation before the privileges of concentrated money, corporations, unions, political parties, and superPACs.

# **REPORT FINANCIAL STATEMENTS**

# YEARS ENDED DECEMBER 31, 2022 AND 2021

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# **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors American Promise, Inc. Concord, Massachusetts

## Opinion

We have audited the accompanying financial statements of American Promise, Inc. (a Massachusetts nonprofit organization), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years 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 American Promise, Inc. as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

## **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 American Promise, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about American Promise, Inc.'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 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.

To the Board of Directors American Promise, Inc.

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 American Promise, Inc.'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 American Promise, Inc.'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.

Smith, Sullivan , Brown, AC.

Westborough, Massachusetts July 24, 2023

# STATEMENTS OF FINANCIAL POSITION AS OF DECEMBER 31, 2022 AND 2021

## ASSETS

	<u>2022</u>	<u>2021</u>
CURRENT ASSETS:		
Cash	\$ 566,242	\$ 571,438
Contributions, Pledges and Grants Receivable	26,500	298,429
Due from Affiliate	177,699	30,546
Prepaid Expenses	116	225
Total Current Assets	770,557	900,638
NON-CURRENT ASSETS:		
Grants Receivable, Net of Discount	99,026	17,000
TOTAL ASSETS	<u>\$ 869,583</u>	\$ 917,638
LIABILITIES AND NET A	<u>SSETS</u>	
CURRENT LIABILITIES:		
Accounts Payable and Accrued Expenses	\$ 19,607	\$ 88,657
Accrued Payroll and Related Costs	13,635	45,103
Total Current Liabilities	33,242	133,760
TOTAL LIABILITIES	33,242	133,760
NET ASSETS:		
Net Assets Without Donor Restrictions	723,814	468,878
Net Assets With Donor Restrictions	112,527	315,000
Total Net Assets	836,341	783,878
TOTAL LIABILITIES AND NET ASSETS	\$ 869,583	\$ 917,638

# STATEMENTS OF ACTIVITIES FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022			2021		
	WITHOUT DONOR	<u>WITH</u>		WITHOUT DONOR	<u>WITH</u>	
	<u>DONOR</u> RESTRICTIONS	<u>DONOR</u> <u>RESTRICTIONS</u>	TOTAL	<u>DONOR</u> RESTRICTIONS	<u>DONOR</u> <u>RESTRICTIONS</u>	TOTAL
SUPPORT, REVENUES AND RECLASSIFICATIONS:						
Support and Revenues:						
Gifts, Grants and Contributions	\$ 1,089,406	\$ 100,527	\$ 1,189,933	\$ 587,520	\$ 285,000	\$ 872,520
Donated Services	60,228	-	60,228	32,160	-	32,160
Merchandise Sales	1,446	-	1,446	-	-	-
Reclassifications of Net Assets - Released from Restrictions:						
Satisfaction of Time Restrictions	303,000	(303,000)		45,000	(45,000)	
TOTAL SUPPORT, REVENUES AND RECLASSIFICATION	<u>s 1,454,080</u>	(202,473)	1,251,607	664,680	240,000	904,680
<b>FUNCTIONAL EXPENSES:</b>						
Program Services	642,465	-	642,465	406,954	-	406,954
Administrative	313,540	-	313,540	127,305	-	127,305
Fund Raising	243,139		243,139	220,985		220,985
TOTAL FUNCTIONAL EXPENSES	1,199,144		1,199,144	755,244		755,244
CHANGE IN NET ASSETS	254,936	(202,473)	52,463	(90,564)	240,000	149,436
NET ASSETS - BEGINNING OF YEAR	468,878	315,000	783,878	559,442	75,000	634,442
NET ASSETS - END OF YEAR	\$ 723,814	<u>\$ 112,527</u>	<u>\$ 836,341</u>	<u>\$ 468,878</u>	\$ 315,000	<u>\$ 783,878</u>

# STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2022 (With Summarized Comparative Totals for 2021)

	PROGRAM	ADMINI-	FUND		<u>FAL</u> L EXPENSES
	<u>SERVICES</u>	<u>STRATIVE</u>	<u>RAISING</u>	<u>2022</u>	<u>2021</u>
Salaries and Wages	\$ 253,278	\$ 114,627	\$ 139,571	\$ 507,476	\$ 269,302
Payroll Taxes	20,912	9,975	11,876	42,763	23,307
Employee Benefits	7,543	3,794	772	12,109	15,900
Professional Services	56,460	96,434	19,967	172,861	171,501
Donated Services	24,921	29,110	6,197	60,228	32,160
Communications and Marketing	195,193	14,120	13,634	222,947	148,975
National Citizen Leadership Conference	39,939	-	-	39,939	28,214
Occupancy	5,133	2,221	3,486	10,840	5,553
Program Supplies, Activities, and Expenses	1,069	-	29,650	30,719	16,273
General Supplies and Expenses	13,842	17,403	14,546	45,791	25,504
Travel Expenses	21,742	43	1,313	23,098	5,654
Staff Development	-	12,189	-	12,189	-
Licenses, Registrations and Memberships	1,333	11,170	822	13,325	8,891
Insurance	1,100	2,454	1,305	4,859	4,010
Total Functional Expenses	<u>\$ 642,465</u>	<u>\$ 313,540</u>	<u>\$ 243,139</u>	<u>\$ 1,199,144</u>	<u>\$ 755,244</u>

# STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2021

	PROGRAM SERVICES	<u>ADMINI-</u> <u>STRATIVE</u>	<u>FUND</u> <u>RAISING</u>	<u>TOTAL</u> <u>FUNCTIONAL</u> <u>EXPENSES</u>
Salaries and Wages	\$ 107,898	\$ 56,118	\$ 110,109	\$ 274,125
Payroll Taxes	9,130	4,824	9,353	23,307
Employee Benefits	7,327	702	3,048	11,077
Professional Services	104,821	42,978	23,702	171,501
Donated Services	23,898	3,782	4,480	32,160
Communications and Marketing	109,921	2,216	36,838	148,975
National Citizen Leadership Conference	28,214	-	-	28,214
Occupancy	2,351	1,056	2,146	5,553
Program Supplies, Activities, and Expenses	1,621	-	14,652	16,273
General Supplies and Expenses	6,931	5,171	13,402	25,504
Travel Expenses	3,278	10	2,366	5,654
Licenses, Registrations and Memberships	502	8,371	18	8,891
Insurance	1,062	2,077	871	4,010
Total Functional Expenses	<u>\$ 406,954</u>	<u>\$ 127,305</u>	<u>\$ 220,985</u>	<u>\$ 755,244</u>

# STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

CASH FLOWS FROM OPERATING ACTIVITIES:	2022	2021
Change in Net Assets	\$ 52,463	<u>\$ 149,436</u>
Adjustments to Reconcile the Above to Net Cash		
Provided (Used) by Operating Activities:		
(Increase) Decrease in Current Assets:		
Contributions, Pledges and Grants Receivable	271,929	(249,429)
Due from Affiliate	(147,153)	112,489
Prepaid Expenses	109	3,507
Increase (Decrease) in Current Liabilities:		- )
Accounts Payable and Accrued Expenses	(69,050)	72,972
Accrued Payroll and Related Costs	(31,468)	41,308
(Increase) Decrease in Non-Current Assets:		,
Grants Receivable, Net of Discount	(82,026)	13,000
Net Adjustment	(57,659)	(6,153)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(5,196)	143,283
NET INCREASE (DECREASE) IN CASH BALANCES	(5,196)	143,283
CASH BALANCES - BEGINNING OF YEAR	571,438	428,155
CASH BALANCES - END OF YEAR	<u>\$ 566,242</u>	<u>\$ 571,438</u>

#### NOTES TO FINANCIAL STATEMENTS

#### DECEMBER 31, 2022 AND 2021

#### NOTE 1 ORGANIZATION AND AFFILIATIONS

American Promise, Inc. ("API" or the "Organization") was incorporated on July 13, 2015 as a Massachusetts nonprofit corporation organized to promote social welfare within the meaning of Section 501(c)(4) of the Internal Revenue Code ("IRC"), including but not limited to, promoting ideas and solutions, including one or more Constitutional amendments, to secure and advance Constitutional rights of human beings and equal representation and responsibility of citizens in effective self-government and democracy. Contributions to API are not eligible as tax-deductible charitable donations.

#### **Affiliated Organizations:**

### American Promise Education Fund, Inc.

American Promise Education Fund, Inc. ("APEF") was incorporated on July 10, 2015 under Massachusetts General Laws Chapter 180 and qualifies as a tax-exempt, nonprofit corporation under IRC Section 501(c)(3). APEF has been classified as an organization which is not a private foundation under IRC Section 509(a); accordingly, contributions made to APEF qualify for the maximum charitable deduction for federal income tax purposes.

While closely connected, the Organizations operate independently, and since neither Organization controls the other, consolidated financial statements are not presented. As disclosed in Note 4, the Organizations have entered into a cost-sharing agreement.

#### NOTE 2 PROGRAM SERVICES

American Promise, Inc. empowers, inspires, and organizes Americans to win the cause of our time: the For Our Freedom Amendment. This historic reform will rebalance our politics and government by putting the rights of individual citizens and the interests of the nation before the privileges of concentrated money, corporations, unions, political parties, and superPACs. American Promise leads the non-partisan, fifty-state campaign for the For Our Freedom Amendment so that people, not money, govern America.

American Promise, Inc. focuses its advocacy and organizing programs in the following five areas:

#### Citizen Empowerment:

American Promise's citizen empowerment programming focuses on building distributed, decentralized networks to support, connect and amplify cross-partisan local action by advocates to move forward the For Our Freedom Amendment in state and federal legislatures.

#### Pledge Campaign:

By securing pledges from candidates for office and incumbents to use their office to work for the For Our Freedom Amendment, American Promise is able to hold elected representatives to their word, to ensure that they represent the good of the country and the will of the people for big, real reform through the amendment, rather than do the bidding of big donors and special interests.

#### NOTES TO FINANCIAL STATEMENTS

#### DECEMBER 31, 2022 AND 2021

#### (Continued)

#### NOTE 2 (Continued)

## State Initiatives:

American Promise provides legal expertise, organizing strategy and execution, and direct lobbying support for statewide ballot campaigns and local and state resolutions calling on Congress for the For Our Freedom Amendment.

#### Congressional Initiatives:

American Promise works with Democrats, Republicans, and Independent members of Congress to grow cross-partisan support for the For Our Freedom Amendment.

#### Action Center:

American Promise's Action Center is a one-stop interactive website for citizens, media, organizations, legislators and staff for education, resources, events, legislative developments, citizen story-telling, news, opinion pieces and more about the background and progress of the For Our Freedom Amendment.

#### Keep the Promise Campaign:

At the end of 2020, the Organization completed Phase 1 of its 3 Phase strategic plan. The Organization built the foundation, including the strategy, organizational structure, leadership team, programming, and citizen participation that set the stage for rapidly building and expanding the skills and engagement of Americans as the Organization moved into Phase 2.

In 2022, the second year of Phase 2, American Promise, Inc. continued to build capacity in its Programs and Communications departments to mobilize and organize its state- and nation-wide membership to build the political will, advocacy, and campaigns necessary for the For Our Freedom Amendment to pass through Congress.

## NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **Basis of Accounting:**

The financial statements of the American Promise, Inc. have been prepared on the accrual basis of accounting and accordingly, reflect all significant receivables, payables and other liabilities.

#### **Estimates:**

The preparation of financial statements in conformity with generally accepted accounting principles ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates; however, adherence to generally accepted accounting principles, has in management's opinion, resulted in reliable and consistent financial reporting by the Organization.

#### NOTES TO FINANCIAL STATEMENTS

#### DECEMBER 31, 2022 AND 2021

(Continued)

#### NOTE 3 (Continued)

#### **Financial Statement Presentation:**

The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. These classifications are related to the existence or absence of donor-imposed restrictions as defined below.

*Net Assets Without Donor Restrictions* - Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. In addition, net assets within this classification include funds which represent resources designated by the Board of Directors for specific purposes.

*Net Assets With Donor Restrictions* - Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature, such as those that are restricted by a donor that the resources be maintained in perpetuity. As of December 31, 2022 and 2021, the Organization has no net assets that are required to be maintained in perpetuity. The Organization's unspent contributions are reported in net assets with donor restrictions if the donor limited their use, as are promised contributions that are not yet due. Contributions of property and equipment or cash restricted to acquisition of property and equipment are reported as net assets with donor restrictions if the donor restrictions expire when the assets are placed in service. As of and for the years ended December 31, 2022 and 2021, net assets with donor restrictions and related amounts released from restriction represented multi-year pledges with inherent time restrictions.

#### **Contributions, Pledges and Grants Receivable:**

*Contributions, Pledges and Grants Receivable* reflects the balances due on unconditional multi-year promises to give. Receivables are classified as current and reported at their net realizable value if they are scheduled for payment within one year, and non-current when the expected payment date exceeds one year. Promises to give with expected payment dates that extend beyond one year are discounted to their present value.

Amounts receivable from donors are evaluated yearly for collectability and an allowance for uncollectible pledges is recorded as necessary. Management believes that all receivables are collectible; therefore, no allowance for doubtful amounts has been established.

#### **Gifts, Grants and Contributions:**

The Organization is the beneficiary of contributions in the form of grants from other organizations, governmental agencies, donations of cash and financial assets from individuals and contributions of nonfinancial assets. Contributions, including promises to give, without donor conditions are recognized as revenue at their estimated fair value at the date of donation and classified as either with or without donor restrictions depending on the donor's stipulations or lack thereof. Unconditional, multi-year commitments are recognized in the year during which the initial commitment is made at the amount that the Organization reasonably expects to collect.

#### NOTES TO FINANCIAL STATEMENTS

#### DECEMBER 31, 2022 AND 2021

(Continued)

### NOTE 3 (Continued)

Conditional donations are those that have a measurable performance or other barrier and include a right of return of the assets or right of release of the donor from further obligation if the conditions are not met. Conditional donations are not recognized until the associated barriers are met. Any cash received before the conditions or barriers are met is reported as a refundable grant advance. When the conditions are met the revenue is reported as contributions without donor restrictions unless there are further restrictions over and above those associated with the donor conditions. Support that is restricted by the donor is reported as an increase in net assets with donor restrictions until the restrictions are met, at which time the net assets are reclassified to net assets without donor restrictions. As of and for the years ended December 31, 2022 and 2021, net assets with donor restrictions and related amounts released from restriction represented multi-year pledges with inherent time restrictions.

#### **Donations of Nonfinancial Assets:**

Contributed nonfinancial assets may include professional services, staff roles performed by volunteers and other non-cash donations, which are recorded at the respective fair value of the services received. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. All such in-kind donations are without donor restrictions and API does not monetize its donations of nonfinancial assets.

#### **Functional Expenses:**

The Organization allocates its expenses on a functional basis among various programs and support services. Expenses that are common to several functions are allocated using space and time usage formulas. In the accompanying Statement of Functional Expenses, *Salaries and Wages, Payroll Taxes, Donated Services, Occupancy* and certain professional services and consulting fees have been allocated based upon management's estimates of time usage by functional category.

Supporting services are those related to operating and managing the Organization and its programs on a day-to-day basis. Supporting services have been sub-classified as follows:

*Administrative* - includes all activities related to the Organization's internal management and accounting for program services.

*Fund Raising* - includes all activities related to maintaining contributor information, writing grant proposals, direct mail solicitation, indirect costs of fund raising events, distribution of materials and other similar projects related to the procurement of funds.

As further discussed in Notes 2 and 10, in 2021 and 2022, API increased resources allocated to fundraising for the launch of the Keep the Promise Campaign while its direct programming capacity was decreased as a result of the pandemic. Accordingly, the functional allocation of expenses for the years ended December 31, 2022 and 2021 are not indicative of the past or expected future trends.

#### NOTES TO FINANCIAL STATEMENTS

#### DECEMBER 31, 2022 AND 2021

(Continued)

#### NOTE 3 (Continued)

# **Tax Position:**

The Organization currently evaluates all tax positions and makes a determination regarding the likelihood of those positions being upheld under review. The primary tax position made by the Organization is the existence of Unrelated Business Income Tax and the Organization's status as a tax-exempt organization under IRC Section 501(c)(4). For the years presented, the Organization has not recognized any tax benefits or loss contingencies for uncertain tax positions based on this evaluation.

#### **Recent Accounting Guidance:**

#### **Recently Implemented Standards**

Effective January 1, 2022, the Organization adopted ASU 2020-07 *Presentation and Disclosures by Notfor-Profit Entities for Contributed Nonfinancial Assets*. This ASU increases transparency in reporting nonprofit gifts-in-kind in the Organization's financial statements. Although the standard did not change the accounting for contributed nonfinancial assets, the Organization's disclosures have been enhanced to provide qualitative policy information on the techniques and inputs used to determine the valuation of nonfinancial donations.

## **Reclassifications:**

Certain amounts in the prior year comparative information have been reclassified to conform to the current year presentation. Reclassifications made to the prior year information have no impact on total net assests or changes in net assests.

#### NOTE 4 COST-SHARING ARRANGEMENT

Office space, staff, consultants, information technology and certain other expenditures of API are shared with APEF. In addition, the two Organizations co-host the *National Citizen Leadership Conference*. Accordingly, the two Organizations have a cost-sharing agreement. Pursuant to the agreement, API pays its proportionate share of the office lease, personnel costs and certain other shared expenses as these expenses are incurred. Payment for compensation of services which benefit both entities has been consolidated under API.

A portion of these costs are charged to APEF on a monthly basis based upon management's analysis of specific tasks, scope of services and other allocation methods. For the years ended December 31, 2022 and 2021, APEF was obligated to reimburse API \$1,677,590 and \$1,244,167, respectively, for its proportionate share of the *National Citizen Leadership Conference*, personnel costs, consultants, occupancy and operating expenses. Of the total amount, the unpaid balance of \$177,699 and \$30,546 is reported as *Due from Affiliate* in the accompanying Statements of Financial Position and such amounts were paid in full shortly following each respective year end.

#### NOTES TO FINANCIAL STATEMENTS

#### DECEMBER 31, 2022 AND 2021

#### (Continued)

#### NOTE 5 CONTRIBUTIONS, PLEDGES AND GRANTS RECEIVABLE

As of December 31, 2022 and 2021, the aggregate balance due on unconditional promises to give and grant commitments amounted to \$130,000 and \$315,429, respectively, of which amount \$26,500 and \$298,429 was classified as current with payment expected within the upcoming year. The non-current portion of these commitments are discounted to present value using an effective rate of 1%, presented net of the unamortized discount and due in subsequent years as presented below.

Year Contributions		
to be Paid	2022	2021
December 31, 2023	\$ -	\$ 7,000
December 31, 2024	23,500	10,000
December 31, 2025	10,000	-
December 31, 2026	10,000	-
December 31, 2027	10,000	-
December 31, 2028	10,000	-
December 31, 2029	10,000	-
December 31, 2030	10,000	-
December 31, 2031	10,000	-
December 31, 2032	10,000	
Total Grants, Pledges and Contributions Receivable	103,500	17,000
Less: Discount to Present Value	(4,474)	
Net Grants, Pledges and Contributions Receivable	<u>\$ 99,026</u>	\$17,000

#### NOTE 6 DONATED SERVICES

For the years presented, the Organization recognized the following in-kind contributions in the accompanying financial statements:

Description	<u>2022</u>	<u>2021</u>
CEO Salary (See Note 7)	\$24,804	\$17,500
Professional Services	35,424	14,660
Total	<u>\$60,228</u>	\$32,160

For the years ended December 31, 2022 and 2021, contributed CEO salary is recognized at fair value based on the going market rate for a nonprofit Executive Director or CEO performing similar services.

Contributed professional services includes donated legal services, primarily legal writing and research, provided by a licensed attorney, and donated CFO services provided by an outsourced executive. These services are recognized at fair value based on current rates for similar services.

#### NOTE 7 RELATED PARTY TRANSACTIONS AND CONCENTRATIONS

#### **Donated Services:**

The Organization's Co-Founder and President provides CEO services on a pro bono basis, which was recognized at \$24,804 and \$17,500, based on 19% and 14% of a salaried position for the years ended December 31, 2022 and 2021, respectively.

#### NOTES TO FINANCIAL STATEMENTS

#### DECEMBER 31, 2022 AND 2021

#### (Continued)

#### NOTE 7 (Continued)

#### Gifts, Grants and Contributions:

For the years ended December 31, 2022 and 2021, gifts from the Co-Founder and a number of his family members accounted for approximately 66% and 50%, respectively, of *Gifts, Grants and Contributions*. Future revenue of the Organization is expected to come from many additional sources.

#### NOTE 8 CONCENTRATIONS OF CREDIT RISK

The Organization maintains several bank accounts at two institutions. All accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. Although at times the balances in these accounts may exceed the federally insured limit, the Organization has never experienced any losses and Management considers credit risk on cash to be low. As of December 31, 2022 and 2021, the Organization's balance in excess of the FDIC insured limits was \$252,263 and \$260,648, respectively.

#### NOTE 9 OPERATING LEASE

API and APEF occupy office space in the City of Cambridge and the Town of Concord, Massachusetts under at-will Use Agreements which provide office space, shared electronic equipment and other office services. In previous years, the combined cost ranged between \$7,080 - \$9,730 per month, a portion of which was reimbursed by APEF under the cost-sharing agreement previously discussed. During 2020, in response to the pandemic, the monthly fee for the Concord space was reduced to \$1,400, with a corresponding decrease in amount of space rented, and in October 2020, the Cambridge lease expired and was not renewed. In June 2021, the monthly fee increased to \$1,500, which continues to be shared with APEF.

#### NOTE 10 CONTINGENCIES

#### **Impact of COVID-19:**

In early 2020, an outbreak of a novel strain of coronavirus (COVID-19) emerged globally. As a result, COVID-19 impacted the Organization's ability to carry out its in person programming, including traveling to launch new, and support existing, chapters, and holding its annual National Citizen Leadership Conference and Citizen Lobby Days, while also leading to the departure of program staff to care for family. During this time, API's direct programming was reduced in comparison to increased efforts invested into fundraising, as previously discussed in Note 2.

As a result of the pandemic, events have occurred including mandates from federal, state and local authorities leading to an overall decline in economic activity which could result in a loss of grants, contributions, revenue and other material adverse effects to the Organization's financial position, change in net assets and cash flows. While the Organization is not able to estimate the length of severity of this outbreak and the related financial impact, API expects to resume its programming at increased levels and restoring a favorable distribution of resources in its programmatic capacity.

Management plans to adjust its operations accordingly and will continue to assess and monitor the situation as it evolves. If the length of the outbreak and related effected on the Organization's operations continue for an extended period of time, the Organization may have to seek alternative measures to finance its operation. There is no assurance these measures will be successful.

#### NOTES TO FINANCIAL STATEMENTS

#### DECEMBER 31, 2022 AND 2021

# (Continued)

# NOTE 11 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities as described in Note 2, as well as the conduct of services undertaken to support those activities to be general expenditures.

The following table reflects the Organization's financial assets as of December 31, 2022 and 2021, reduced by amounts which are not available for general expenditure within one year. Financial assets are considered unavailable when illiquid, or because the governing board or management policy has set aside the funds for a specific use, when restricted by donors for purposes more limited than general expenditures, or when not convertible to cash within one year of the Statement of Financial Position date.

	2022	2021
Financial Assets:		
Cash	\$566,242	\$571,438
Due from Affiliate	177,699	30,546
Contributions, Pledges and Grants Receivable	125,526	315,429
Total Financial Assets	869,467	917,413
Less Amounts Not Available to be Used Within One Year:		
Non-Current Grants Receivable	(99,026)	(17,000)
Financial Assets Available to Meet General		
Expenditures Within One Year	<u>\$770,441</u>	<u>\$900,413</u>

As part of the Organization's liquidity management, the Board of Directors has a policy to structure the financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization also has a policy to maintain at minimum a three-month cash supply on hand at all times.

#### NOTE 12 SUBSEQUENT EVENTS

Management is required to consider events subsequent to the financial statement date for potential adjustment to or disclosure in the financial statements. Therefore, Management has evaluated subsequent events through July 24, 2023, the date which the financial statements were available for issue and noted no events which met the criteria for recognition or disclosure.