

Represent.Us Education Fund

Financial Statements
and Independent Auditor's Report

December 31, 2023 and 2022

Represent.Us Education Fund

Financial Statements
December 31, 2023 and 2022

Contents

Independent Auditor’s Report.....	1-3
<i>Financial Statements</i>	
Statements of Financial Position.....	4
Statements of Activities	5-6
Statements of Functional Expenses	7-8
Statements of Cash Flows.....	9
Notes to Financial Statements.....	10-21

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 statements of financial position as of December 31, 2023 and 2022; 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 financial statements referred to above present fairly, in all material respects, the financial position of the Fund as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance 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 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 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.

Responsibilities of Management for the Financial Statements (continued)

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.
- 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.

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

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 signature is written in a cursive, slightly stylized font.

Vienna, Virginia
May 9, 2024

Represent.Us Education Fund

Statements of Financial Position December 31, 2023 and 2022

	2023	2022
Assets		
Cash	\$ 2,678,146	\$ 1,919,881
Grants and contributions receivable, net	3,074,035	3,749,442
Employee Retention Credit receivable	469,707	1,330,358
Prepaid expenses and other assets	43,705	77,515
Property and equipment, net	151,468	184,347
Right-of-use asset – operating lease	210,012	308,078
Total assets	<u>\$ 6,627,073</u>	<u>\$ 7,569,621</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 479,833	\$ 480,876
Due to affiliate	4,482,468	3,056,147
Lease liability – operating lease	246,960	357,312
Total liabilities	<u>5,209,261</u>	<u>3,894,335</u>
Net (Deficit) Assets		
Without donor restrictions	(3,086,639)	(1,258,214)
With donor restrictions	4,504,451	4,933,500
Total net assets	<u>1,417,812</u>	<u>3,675,286</u>
Total liabilities and net assets	<u>\$ 6,627,073</u>	<u>\$ 7,569,621</u>

See accompanying notes.

Represent.Us Education Fund

Statement of Activities For the Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Grants and contributions	\$ 1,483,826	\$ 3,325,000	\$ 4,808,826
Event revenue:			
Sponsorships	535,000	-	535,000
Ticket sales	94,055	-	94,055
In-kind contributions	1,260	-	1,260
Interest income	47,695	-	47,695
Other income	10,579	-	10,579
Released from restrictions	3,754,049	(3,754,049)	-
Total revenue and support	5,926,464	(429,049)	5,497,415
Expenses			
Program services:			
Education and communications	2,989,432	-	2,989,432
Research and planning	11,362	-	11,362
Awards and grants	531,110	-	531,110
Other projects	1,382,912	-	1,382,912
Total program services	4,914,816	-	4,914,816
Supporting services:			
Management and general	2,018,284	-	2,018,284
Fundraising	781,641	-	781,641
Restructuring	40,148	-	40,148
Total supporting services	2,840,073	-	2,840,073
Total expenses	7,754,889	-	7,754,889
Change in Net Assets	(1,828,425)	(429,049)	(2,257,474)
Net (Deficit) Assets, beginning of year	(1,258,214)	4,933,500	3,675,286
Net (Deficit) Assets, end of year	\$ (3,086,639)	\$ 4,504,451	\$ 1,417,812

See accompanying notes.

Represent.Us Education Fund

Statement of Activities
For the Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Grants and contributions	\$ 4,021,855	\$ 5,255,166	\$ 9,277,021
Interest income	1,969	-	1,969
Other income	110,352	-	110,352
Gain on debt extinguishment	522,383	-	522,383
Released from restrictions	2,277,532	(2,277,532)	-
Total revenue and support	6,934,091	2,977,634	9,911,725
Expenses			
Program services:			
Education and communications	4,026,672	-	4,026,672
Research and planning	175,607	-	175,607
Awards and grants	571,447	-	571,447
Other projects	426,614	-	426,614
Total program services	5,200,340	-	5,200,340
Supporting services:			
Management and general	2,647,198	-	2,647,198
Fundraising	1,150,896	-	1,150,896
Total supporting services	3,798,094	-	3,798,094
Total expenses	8,998,434	-	8,998,434
Change in Net Assets	(2,064,343)	2,977,634	913,291
Net Assets, beginning of year	806,129	1,955,866	2,761,995
Net (Deficit) Assets, end of year	\$ (1,258,214)	\$ 4,933,500	\$ 3,675,286

See accompanying notes.

Represent.Us Education Fund

Statement of Functional Expenses
For the Year Ended December 31, 2023

	Program Services					Supporting Services				Total
	Education and Communications	Research and Planning	Awards and Grants	Other Projects	Total Program Services	Management and General	Fundraising	Restructuring	Total Supporting Services	
Personnel	\$ 1,729,611	\$ 10,624	\$ -	\$ 176,250	\$ 1,916,485	\$ 1,242,180	\$ 508,040	\$ 40,148	\$ 1,790,368	\$ 3,706,853
Payroll taxes	130,570	695	-	-	131,265	79,530	39,342	-	118,872	250,137
Grants	30,000	-	531,110	-	561,110	-	-	-	-	561,110
Consulting	881,123	-	-	663,050	1,544,173	36,962	141,029	-	177,991	1,722,164
Office expenses	52,965	-	-	10,719	63,684	187,658	63,698	-	251,356	315,040
Communication costs	1,540	-	-	190	1,730	-	2,695	-	2,695	4,425
Occupancy	30,300	-	-	10,114	40,414	115,068	37	-	115,105	155,519
Professional fees	3,842	21	-	18,840	22,703	87,170	1,693	-	88,863	111,566
Advertising and promotion	73,459	-	-	-	73,459	-	2,530	-	2,530	75,989
Insurance	4,279	22	-	8,214	12,515	200,067	1,003	-	201,070	213,585
Travel	50,835	-	-	116,549	167,384	68,874	21,574	-	90,448	257,832
Conferences and meetings	908	-	-	378,986	379,894	775	-	-	775	380,669
Total Expenses	\$ 2,989,432	\$ 11,362	\$ 531,110	\$ 1,382,912	\$ 4,914,816	\$ 2,018,284	\$ 781,641	\$ 40,148	\$ 2,840,073	\$ 7,754,889

See accompanying notes.

Represent.Us Education Fund

Statement of Functional Expenses
For the Year Ended December 31, 2022

	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	\$ 2,625,436	\$ 135,500	\$ -	\$ 318,173	\$ 3,079,109	\$ 1,334,374	\$ 784,197	\$ 2,118,571	\$ 5,197,680
Payroll taxes	211,028	10,571	-	34,498	256,097	73,946	57,716	131,662	387,759
Grants	33,000	-	571,447	-	604,447	-	-	-	604,447
Consulting	791,956	12,755	-	63,242	867,953	343,427	197,855	541,282	1,409,235
Office expenses	45,307	4,067	-	-	49,374	283,635	19,948	303,583	352,957
Communication costs	15,459	-	-	-	15,459	868	22,863	23,731	39,190
Occupancy	80,395	7,761	-	-	88,156	117,293	15,245	132,538	220,694
Professional fees	34,977	2,219	-	10,364	47,560	187,919	10,214	198,133	245,693
Advertising and promotion	151,354	-	-	-	151,354	310	20,000	20,310	171,664
Insurance	4,016	92	-	337	4,445	162,353	786	163,139	167,584
Travel	33,744	2,642	-	-	36,386	143,073	22,072	165,145	201,531
Total Expenses	\$ 4,026,672	\$ 175,607	\$ 571,447	\$ 426,614	\$ 5,200,340	\$ 2,647,198	\$ 1,150,896	\$ 3,798,094	\$ 8,998,434

See accompanying notes.

Represent.Us Education Fund

Statements of Cash Flows For the Years Ended December 31, 2023 and 2022

	2023	2022
Cash Flows from Operating Activities		
Change in net assets	\$ (2,257,474)	\$ 913,291
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Change in present value discount on receivables	(20,142)	75,558
Depreciation and amortization	32,879	30,139
Loss on disposal of property and equipment	-	7,042
Gain on debt extinguishment	-	(522,383)
Amortization of right-of-use asset – operating lease	98,066	96,398
Change in operating assets and liabilities:		
Decrease (increase) in:		
Grants and contributions receivable	695,549	(3,082,023)
Employee Retention Credit receivable	860,651	179,655
Prepaid expenses and other assets	33,810	(41,402)
(Decrease) increase in:		
Accounts payable and accrued expenses	(1,043)	(310,587)
Due to affiliate	1,426,321	2,396,460
Refundable advances	-	(300,000)
Lease liability – operating lease	(110,352)	(105,331)
Net cash provided by (used in) operating activities	758,265	(663,183)
Net Increase (Decrease) in Cash	758,265	(663,183)
Cash, beginning of year	1,919,881	2,583,064
Cash, end of year	\$ 2,678,146	\$ 1,919,881

See accompanying notes.

Represent.Us Education Fund

Notes to Financial Statements
December 31, 2023 and 2022

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 2023, the Fund launched public education campaigns around our Election Protection education platform. These videos reached 12 million people.

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.

Awards and Grants

The Fund provides 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.

Represent.Us Education Fund

Notes to Financial Statements
December 31, 2023 and 2022

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 and 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.

Grants and Contributions Receivable

Grants and contributions receivable represent unconditional amounts committed to the Fund. Grants and contributions receivable due in more than one year are discounted to present value based on management's estimate of the risk-adjusted rate of return, which was 5.00% and 4.50% at December 31, 2023 and 2022, respectively. 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, 2023 and 2022, 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.

Represent.Us Education Fund

Notes to Financial Statements
December 31, 2023 and 2022

2. Summary of Significant Accounting Policies (continued)

Operating Leases

The Fund determines if an arrangement is a lease at inception. Operating leases are included in right-of-use (“ROU”) assets, which represent the Fund’s right to use an underlying asset for the lease terms, and lease liabilities represent the Fund’s obligation to make lease payments arising from leases. Operating ROU lease assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. As the Fund’s leases do not provide an implicit rate, the Fund used a risk-free rate based on the information available at the commencement date in determining the present value of lease payments.

The ROU assets also include any lease payments made and exclude lease incentives. The Fund’s lease terms may include options to extend or terminate the lease when it is reasonably certain that the Fund will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

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.

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.

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.

Represent.Us Education Fund

Notes to Financial Statements
December 31, 2023 and 2022

2. Summary of Significant Accounting Policies (continued)

Revenue Recognition

Revenue Accounted for in Accordance with Contribution Accounting

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 event ticket sales is recognized at the time the event takes place, which is when the sole performance obligation is satisfied. Event sponsorships that do not qualify as contributions are recognized as revenue once the program or event occurs, which is when the sole performance obligation is satisfied.

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 consist of donated telecommunication services and is 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.

Advertising and Promotion Costs

Advertising and promotion costs are expensed as incurred and were \$75,989 and \$171,664 for the years ended December 31, 2023 and 2022, respectively.

Represent.Us Education Fund

Notes to Financial Statements
December 31, 2023 and 2022

2. Summary of Significant Accounting Policies (continued)

Reclassifications

Certain amounts in the 2022 financial statements have been reclassified to conform to the 2023 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 May 9, 2024, the date the financial statements were available to be issued.

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:

	<u>2023</u>	<u>2022</u>
Cash	\$ 2,678,146	\$ 1,919,881
Grants and contributions receivable, net	3,074,035	3,749,442
Employee Retention Credit receivable	<u>469,707</u>	<u>1,330,358</u>
Total financial assets	6,221,888	6,999,681
Less: net assets with donor restrictions	<u>(4,504,451)</u>	<u>(4,933,500)</u>
Total available for general expenditures	<u>\$ 1,717,437</u>	<u>\$ 2,066,181</u>

Represent.Us Education Fund

Notes to Financial Statements
December 31, 2023 and 2022

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 uninsured portions of these accounts are backed solely by the asset of the underlying financial institution. Therefore, the failure of an underlying institution could result in financial loss for the Fund. 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, 2023 and 2022, a substantial portion of the Fund's revenue was generated from a small number of grantors and donors. For the year ended December 31, 2023, a total of \$750,000 was received from one donor in the form of a three-year grant, and for the year ended December 31, 2022, \$3,000,000 was received from one donor in the form of a three-year grant. These amounts approximate 14% and 30% of the Fund's total revenue and support for the years ended December 31, 2023 and 2022, respectively. Multi-year grant commitments from grantors create year-over-year revenue stability for the Fund. Any significant reduction in revenue and support may impact the Fund's financial position and operations.

5. Grants and Contributions Receivable

Grants and contributions receivable consist of the following at December 31:

	<u>2023</u>	<u>2022</u>
Due in less than one year	\$ 2,180,000	\$ 2,190,000
Due in one to five years	<u>949,451</u>	<u>1,635,000</u>
Total grants and contributions receivable	3,129,451	3,825,000
Less: present value discount	<u>(55,416)</u>	<u>(75,558)</u>
Grants and contributions receivable, net	<u><u>\$ 3,074,035</u></u>	<u><u>\$ 3,749,442</u></u>

Represent.Us Education Fund

Notes to Financial Statements
December 31, 2023 and 2022

6. Property and Equipment

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

	<u>2023</u>	<u>2022</u>
Leasehold improvements	\$ 161,722	\$ 161,722
Furniture and fixtures	64,183	64,183
Computer equipment	<u>57,299</u>	<u>57,299</u>
Total property and equipment	283,204	283,204
Less: accumulated depreciation and amortization	<u>(131,736)</u>	<u>(98,857)</u>
Property and equipment, net	<u>\$ 151,468</u>	<u>\$ 184,347</u>

Depreciation and amortization expense was \$32,879 and \$30,139 for the years ended December 31, 2023 and 2022, respectively.

7. 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 Coronavirus Aid, Relief, and Economic Security (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. During the covered period, the Fund incurred qualifying expenditures and applied for forgiveness of the full amount of the PPP loan. The PPP loan was fully forgiven by the SBA on February 4, 2022. The Fund has accounted for the PPP loan in accordance with Accounting Standards Codification 470 and recorded a gain on debt extinguishment in the statement of activities for the year ended December 31, 2022, the period when official forgiveness notification was received.

Represent.Us Education Fund

Notes to Financial Statements
December 31, 2023 and 2022

7. Loan Payable – Paycheck Protection Program (continued)

There were no PPP loan activities incurred during the year ended December 31, 2023.

8. Net Assets

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

	<u>2023</u>	<u>2022</u>
Purpose restricted:		
Campaign Accelerator Program	\$ 1,000,000	\$ 1,000,000
Ranked Choice Voting Campaigns	150,000	-
Democracy Strong Program	-	58,500
Time restricted	<u>3,354,451</u>	<u>3,875,000</u>
Total net assets with donor restrictions	<u>\$ 4,504,451</u>	<u>\$ 4,933,500</u>

9. Related Party Transactions

Affiliate

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 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, 2023 and 2022, Represent.Us reimbursed the Fund \$1,215,000 and \$2,289,416, respectively, for these costs.

During the years ended December 31, 2023 and 2022, Represent.Us was awarded unconditional grants from the Fund totaling \$511,110 and \$571,447, respectively, for program services. At December 31, 2023 and 2022, the Fund had a net payable in the amount of \$4,482,468 and \$3,056,147, respectively, to Represent.Us.

Represent.Us Education Fund

Notes to Financial Statements
December 31, 2023 and 2022

9. Related Party Transactions (continued)

Contributions from Board of Directors

The Fund receives contributions from members of its Board of Directors, which totaled \$1,003,708 and \$918,651 for the years ended December 31, 2023 and 2022, respectively. These contributions are recorded in grants and contributions revenue in the accompanying statements of activities for the years then ended.

10. 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. 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. Monthly rent for the years ended December 31, 2023 and 2022 was \$9,313 and \$9,592, respectively.

The Fund maintained a sublease agreement to utilize a portion of its available office space that expired on April 14, 2024. Rent receivable associated with the sublease was not recorded due to immateriality.

Lease costs were as follows for the years ended December 31:

	<u>2023</u>	<u>2022</u>
Operating lease cost	\$ 102,823	\$ 102,823
Less: sublease income	<u>(48,120)</u>	<u>(42,000)</u>
Total lease cost	<u>\$ 54,703</u>	<u>\$ 60,823</u>

Represent.Us Education Fund

Notes to Financial Statements
December 31, 2023 and 2022

10. Commitments and Contingencies (continued)

Operating Leases (continued)

Other supplemental qualitative information related to the office lease is as follows at and for the years ended December 31:

	<u>2023</u>	<u>2022</u>
Cash paid for amounts included in the measurement of lease liability – operating cash flows	\$ 110,352	\$ 105,331
ROU asset obtained in exchange for lease obligations	\$ 210,012	\$ 308,078
Weighted-average remaining lease term (in years)	2.1	3.1
Weighted-average discount rate	1.55%	1.55%

Maturities of the lease liability under the Fund’s office lease are as follows for the years ending December 31:

2024	\$ 118,562
2025	122,119
2026	<u>10,482</u>
Total minimum lease payments	251,163
Less: discount to present value at 1.55%	<u>(4,203)</u>
Present value of operating lease liability	<u>\$ 246,960</u>

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.

Represent.Us Education Fund

Notes to Financial Statements
December 31, 2023 and 2022

11. 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 \$188,710 and \$196,193 for the years ended December 31, 2023 and 2022, respectively.

12. 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.

13. 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. Outstanding credits totaled \$469,707 and \$1,330,358 at December 31, 2023 and 2022, respectively, and are shown as employee retention credit receivable in the accompanying statements of financial position.

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.

Represent.Us Education Fund

Notes to Financial Statements
December 31, 2023 and 2022

14. 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, 2023 and 2022. 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.