

**DC FISCAL POLICY INSTITUTE, INC.
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

DECEMBER 31, 2021 AND 2020

TABLE OF CONTENTS

	<u>Page No.</u>
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statements of Financial Position	3
Statement of Activities, Year Ended December 31, 2021	4
Statement of Activities, Year Ended December 31, 2020	5
Statement of Functional Expenses, Year Ended December 31, 2021	6
Statement of Functional Expenses, Year Ended December 31, 2020	7
Statements of Cash Flows	8
Notes to the Financial Statements	9 - 16



Independent Auditor's Report

To the Board of Directors
DC Fiscal Policy Institute, Inc.
Washington, DC

Opinion

We have audited the accompanying financial statements of DC Fiscal Policy Institute, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, 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 financial statements referred to above present fairly, in all material respects, the financial position of DC Fiscal Policy Institute, Inc. as of December 31, 2021 and 2020, 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 DC Fiscal Policy Institute, 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 DC Fiscal Policy Institute, Inc.'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 DC Fiscal Policy Institute, 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 DC Fiscal Policy Institute, 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.



June 6, 2022
Washington, DC

DC FISCAL POLICY INSTITUTE, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020

	2021	2020
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,984,406	\$ 1,781,278
Grants and contributions receivable, current portion	243,207	156,114
Pledges receivable	8,900	-
Prepaid expenses	-	5,198
Total Current Assets	2,236,513	1,942,590
PROPERTY AND EQUIPMENT, NET		
Furniture and equipment	1,200	1,200
Computers	9,250	9,250
Total Property and Equipment	10,450	10,450
Less: accumulated depreciation	(6,063)	(4,042)
Total Property and Equipment, Net	4,387	6,408
OTHER ASSETS		
Investments	29,688	10,368
Grants and contributions receivable, net of current portion and discount	-	39,216
Security deposit	21,200	21,200
Total Other Assets	50,888	70,784
TOTAL ASSETS	\$ 2,291,788	\$ 2,019,782
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 6,450	\$ 30,202
Accrued expenses	39,439	25,534
Total Current Liabilities	45,889	55,736
LONG TERM LIABILITIES		
PPP loan	-	112,727
Total Liabilities	45,889	168,463
NET ASSETS		
With donor restrictions	656,716	304,216
Without donor restrictions	1,589,183	1,547,103
Total Net Assets	2,245,899	1,851,319
TOTAL LIABILITIES AND NET ASSETS	\$ 2,291,788	\$ 2,019,782

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

DC FISCAL POLICY INSTITUTE, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021

	Without donor Restrictions	With donor Restrictions	Total
REVENUE AND SUPPORT			
Grants and contributions	\$ 888,008	\$ 802,000	\$ 1,690,008
Forgiveness of PPP loans	266,187	-	266,187
Program income	56,000	-	56,000
Investment income, net	3,950	-	3,950
Other income	3,037	-	3,037
Net assets released from donor restrictions	449,500	(449,500)	-
Total Revenue and Support	<u>1,666,682</u>	<u>352,500</u>	<u>2,019,182</u>
EXPENSES			
Program Services:			
Policy Solutions	1,295,426	-	1,295,426
Outreach	40,029	-	40,029
Total Program Services	<u>1,335,455</u>	<u>-</u>	<u>1,335,455</u>
Support Services:			
Management and general	149,017	-	149,017
Fundraising	140,130	-	140,130
Total Support Services	<u>289,147</u>	<u>-</u>	<u>289,147</u>
Total Expenses	<u>1,624,602</u>	<u>-</u>	<u>1,624,602</u>
CHANGE IN NET ASSETS	42,080	352,500	394,580
NET ASSETS, beginning of year	<u>1,547,103</u>	<u>304,216</u>	<u>1,851,319</u>
NET ASSETS, end of year	<u>\$ 1,589,183</u>	<u>\$ 656,716</u>	<u>\$ 2,245,899</u>

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

DC FISCAL POLICY INSTITUTE, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020

	Without donor Restrictions	With donor Restrictions	Total
REVENUE AND SUPPORT			
Grants and contributions	\$ 740,501	\$ 424,216	\$ 1,164,717
Program income	341,500	-	341,500
Investment income, net	10,273	-	10,273
Net assets released from donor restrictions	1,472,776	(1,472,776)	-
Total Revenue and Support	2,565,050	(1,048,560)	1,516,490
EXPENSES			
Program Services:			
Policy Solutions	955,981	-	955,981
Outreach	47,307	-	47,307
Total Program Services	1,003,288	-	1,003,288
Support Services:			
Management and general	105,836	-	105,836
Fundraising	230,654	-	230,654
Total Support Services	336,490	-	336,490
Total Expenses	1,339,778	-	1,339,778
CHANGE IN NET ASSETS	1,225,272	(1,048,560)	176,712
NET ASSETS, beginning of year	321,831	1,352,776	1,674,607
NET ASSETS, end of year	\$ 1,547,103	\$ 304,216	\$ 1,851,319

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

DC FISCAL POLICY INSTITUTE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021

	Program Services			Support Services			Total Expenses
	Policy Solutions	Outreach	Total Programs	Management and General	Fundraising	Total Support Services	
Personnel Costs:							
Salaries	\$ 804,702	\$ 27,125	\$ 831,827	\$ 45,208	\$ 27,125	\$ 72,333	\$ 904,160
Employee benefits	61,500	2,073	63,573	3,455	2,073	5,528	69,101
Retirement benefits	56,035	1,889	57,924	3,148	1,889	5,037	62,961
Payroll taxes	67,970	2,291	70,261	3,819	2,291	6,110	76,371
Total Personnel Costs	990,207	33,378	1,023,585	55,630	33,378	89,008	1,112,593
Accounting	-	-	-	41,668	-	41,668	41,668
Advertising and marketing	-	-	-	3,862	-	3,862	3,862
Bank and credit card fees	-	-	-	497	-	497	497
Depreciation	1,799	61	1,860	100	61	161	2,021
Facilities, food and beverages	26,797	-	26,797	3,206	-	3,206	30,003
Insurance	4,948	167	5,115	278	167	445	5,560
Occupancy	133,820	4,511	138,331	7,518	4,511	12,029	150,360
Office supplies	31,576	1,064	32,640	1,775	1,064	2,839	35,479
Postage and delivery	11	-	11	1	-	1	12
Printing and copying	4,759	160	4,919	268	160	428	5,347
Professional fees	71,942	-	71,942	-	100,143	100,143	172,085
Scholarships	9,850	-	9,850	-	-	-	9,850
Staff development expenses	6,463	242	6,705	30,518	200	30,718	37,423
Subscriptions	4,043	136	4,179	228	136	364	4,543
Taxes and licenses	-	-	-	1,567	-	1,567	1,567
Travel	-	-	-	1,383	-	1,383	1,383
Website	9,211	310	9,521	518	310	828	10,349
Total Expenses	<u>\$ 1,295,426</u>	<u>\$ 40,029</u>	<u>\$ 1,335,455</u>	<u>\$ 149,017</u>	<u>\$ 140,130</u>	<u>\$ 289,147</u>	<u>\$ 1,624,602</u>

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

DC FISCAL POLICY INSTITUTE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2020

	Program Services			Support Services			Total Expenses
	Policy Solutions	Outreach	Total Programs	Management and General	Fundraising	Total Support Services	
Personnel Costs:							
Salaries	\$ 602,207	\$ 30,110	\$ 632,317	\$ 22,583	\$ 97,859	\$ 120,442	\$ 752,759
Employee benefits	50,830	2,541	53,371	1,906	8,260	10,166	63,537
Retirement benefits	35,001	1,750	36,751	1,312	5,688	7,000	43,751
Payroll taxes	51,541	2,577	54,118	1,933	8,375	10,308	64,426
Total Personnel Costs	739,579	36,978	776,557	27,734	120,182	147,916	924,473
Accounting	-	-	-	39,421	-	39,421	39,421
Advertising and marketing	-	-	-	-	4,359	4,359	4,359
Bank and credit card fees	-	-	-	396	-	396	396
Depreciation	1,617	-	1,617	141	263	404	2,021
Facilities, food and beverages	-	-	-	2,050	-	2,050	2,050
Insurance	4,799	-	4,799	420	780	1,200	5,999
Occupancy	104,664	5,233	109,897	3,925	17,008	20,933	130,830
Office supplies	20,318	1,016	21,334	762	3,302	4,064	25,398
Postage and delivery	338	17	355	13	55	68	423
Printing and copying	11,260	563	11,823	422	1,830	2,252	14,075
Professional fees	8,250	3,500	11,750	20,630	82,875	103,505	115,255
Scholarships	49,500	-	49,500	-	-	-	49,500
Staff development expenses	-	-	-	6,905	-	6,905	6,905
Subscriptions	326	-	326	-	-	-	326
Taxes and licenses	-	-	-	724	-	724	724
Travel	-	-	-	2,293	-	2,293	2,293
Website	15,330	-	15,330	-	-	-	15,330
Total Expenses	\$ 955,981	\$ 47,307	\$ 1,003,288	\$ 105,836	\$ 230,654	\$ 336,490	\$ 1,339,778

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

DC FISCAL POLICY INSTITUTE, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 394,580	\$ 176,712
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	2,021	2,021
Forgiveness of PPP loans	(266,187)	
Stock donation	(15,370)	-
Investment income, net	(3,950)	(7,432)
(Increase) decrease in assets:		
Grants and contributions receivable	(47,877)	1,040,560
Pledges receivable	(8,900)	-
Prepaid expense	5,198	2,275
Increase (decrease) in liabilities:		
Accounts payable	(23,752)	9,549
Accrued expenses	13,905	3,256
Net Cash Provided by Operating Activities	49,668	1,226,941
 CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from PPP loan	153,460	112,727
Net Cash Provided by Financing Activities	153,460	112,727
 NET CHANGE IN CASH AND CASH EQUIVALENTS	 203,128	 1,339,668
 CASH AND CASH EQUIVALENTS, beginning of year	 1,781,278	 441,610
 CASH AND CASH EQUIVALENTS, end of year	 \$ 1,984,406	 \$ 1,781,278

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

DC FISCAL POLICY INSTITUTE, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE A – ORGANIZATION AND NATURE OF ACTIVITIES

DC Fiscal Policy Institute, Inc. (“DCFPI”) is a not-for-profit organization incorporated in 2018 in the District of Columbia. DCFPI envisions a city of shared abundance and collective liberation where everyone has the nurture, sustenance, and safety every person inherently deserves. DCFPI strives for a future that roots out anti-blackness, enables black and brown residents to live to their fullest, ends displacement, and repairs centuries of racist harm.

DCFPI’s mission is to promote opportunity and widespread prosperity for all residents of the District of Columbia through thoughtful policy solutions. DCFPI’s programs are funded by grants and contributions from foundations and individuals, and program income from services it provides on a contractual basis.

Program Descriptions

Policy Solutions - DCFPI conducts timely and foundational research and analysis for an equitable tax, budget, and policy agenda that centers around those most harmed by racial and economic exclusion. DCFPI does this to expand collective understanding of how oppressive structures shape past and present inequities, and to create a strong evidence-base for rejecting racialized austerity politics and embracing policies rooted in shared abundance.

Outreach - DCFPI strategically communicates with, and educates decision makers, partners, and the public to increase salience, resonance, and prioritization of policies that advance racial and economic justice among partners and policy makers. DCFPI commits analytic, legislative, and strategic skills and capacities to support partners and build collaborative campaigns for strategic alliances. DCFPI does this to ensure more unified and powerful voices advocating for collective vision and goals that are responsive to the experiences of residents facing racial and economic oppression.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared using the accrual basis of accounting. Therefore, revenue and related assets are recognized when earned and expenses and related liabilities are recognized as the obligations are incurred.

DC FISCAL POLICY INSTITUTE, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020
(continued)

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Financial Statement Presentation

Financial statement presentation follows Financial Accounting Standards Board (“FASB”) ASC Topic 958, *Not-for-Profit-Entities*. In accordance with Topic 958, net assets, revenue, gains and losses are classified based on the existence of absence of donor-imposed restrictions. Accordingly, the net assets of DCFPI and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions – Net assets that are not subject to donor-imposed stipulations.

Net Assets with Donor Restrictions – Net assets subject to donor-imposed stipulations that may or will be met by either action of DCFPI and/or the passage of time, or that must be maintained in perpetuity by DCFPI. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions. Contributions received with donor restrictions that are met in the same reporting period are reported as support without donor restrictions and increase net assets without donor restrictions.

Cash and Cash Equivalents

For purposes of the statements of cash flows, DCFPI considers interest bearing and money market accounts to be cash and cash equivalents. DCFPI maintains its cash in certain accounts, which are insured by the Federal Deposit Insurance Corporation up to \$250,000 per institution. At times, the accounts may exceed this limit; however, DCFPI believes it is not exposed to any significant credit risk on cash and cash equivalents.

Grants and Contributions and Pledges Receivable

Grants and contributions and pledges receivable are stated at the amount management expects to collect from balances outstanding at year-end. Grants and contributions and pledges receivable are reported net of the allowance for doubtful accounts, if any. The allowance for doubtful accounts is estimated based on management’s ongoing review of historical collection trends, the age of outstanding receivables, and existing economic conditions. Past due grants and contributions and pledges receivable are written off when internal collection efforts have been unsuccessful in collecting the amount due. As of December 31, 2021 and 2020, management believes that all receivables are fully collectable. Therefore, no allowance for doubtful accounts has been recorded.

Investments

Investments in stocks are reported at fair value, which is based on observable quoted market prices. Interest income is reported when earned. Dividends are recorded on the ex-dividend date.

DC FISCAL POLICY INSTITUTE, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020
(continued)

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Investments (continued)

Net investment income includes gains and losses on investments bought and sold as well as held during the year.

Property and Equipment

Property and equipment are stated at cost, or, if donated, at fair value as of the date of donation. Property and equipment with a minimum cost basis of \$500 and a useful life of greater than one year are capitalized. Depreciation is calculated using the straight-line method based on the estimated useful lives of the assets, which range from three to five years. Repairs and maintenance which do not improve or extend the life of the asset are charged to expense when incurred.

Revenue Recognition

DCFPI recognizes grants and contributions and pledges when cash, securities or other assets, an unconditional promise to give, or 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 substantially met. Contributions received with donor stipulations are recorded as contributions with donor restrictions based on the donor's intent. Unless otherwise stated by the donor, individual donations are recorded as contributions without donor restrictions. Contributions with donor restrictions are met in the same reporting period as the contribution is received are reported as contributions without donor restrictions support.

Program income is income received from a consulting agreement for performing training for community-based organizations and community leaders on the budget and legislative processes in the District of Columbia. This revenue is recognized after the services have been completed.

Method Used for Allocation of Expenses

The financial statements report certain categories of expense that are attributable to more than one program or a support function as management and general activities. Expenses of this nature are allocated on a reasonable basis that is consistently applied. Allocated expenses include occupancy, insurance, and depreciation expenses, which are allocated on the basis of salaries and related costs, determined by estimates of time and effort expended.

DC FISCAL POLICY INSTITUTE, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020
(continued)

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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 certain estimates and assumptions. These estimates affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

NOTE C – INCOME TAXES

DCFPI is recognized as exempt from federal income tax, except on unrelated business activities, under the provisions of Section 501(c)(3) of the Internal Revenue Code.

DCFPI believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements or that would have an effect on its tax-exempt status. There are no unrecognized tax benefits or liabilities that need to be recorded.

DCFPI's information tax returns are subject to examination by the Internal Revenue Service ("IRS") for a period of three years from the date they were filed, except under certain circumstances. This is the second year of DCFPI's formation, and therefore, its information returns for the years 2019 and 2020 are open for a tax examination by the IRS, although no request has been made as of the date of these financial statements.

NOTE D – AVAILABLE RESOURCES AND LIQUIDITY

DCFPI regularly monitors liquidity required to meet its operating needs and other contractual commitments. DCFPI has various sources of liquidity at its disposal including cash and cash equivalents; grants, contributions and pledges receivables; and investments.

In addition to financial assets available to meet general expenditures over the next twelve months, DCFPI anticipates collecting sufficient revenue to cover general expenditures. Out of net assets with donor restrictions totaling \$501,216 and \$304,216, the total amount available for expenditures in the next twelve months are \$501,216 and \$265,000, respectively, for the years ended December 31, 2021 and 2020. Out of the grants and contributions receivable totaling \$252,107 and \$195,330, the amounts available in the next twelve months are \$252,107 and \$156,114, respectively, for the years ended December 31, 2021 and 2020.

DC FISCAL POLICY INSTITUTE, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020
(continued)

NOTE D – AVAILABLE RESOURCES AND LIQUIDITY – continued

The following table reflects DCFPI’s financial assets as of December 31, 2021 and 2020, reduced by amounts that are not available to meet general expenditures within one year of the statements of financial position date because of donor-restrictions:

	2021	2020
Cash and cash equivalents	\$ 1,984,406	\$ 1,781,278
Grants and contributions receivable	243,207	195,330
Pledges receivable	8,900	-
Investments	29,688	10,368
Total Financial Assets	2,266,201	1,986,976
Less: long term portion of grants and contributions receivable	-	(39,216)
Total Financial Assets Available to Meet Cash	2,266,201	1,947,760
Needs for General Expenditures within One Year	\$ 2,266,201	\$ 1,947,760

NOTE E – INVESTMENTS AND FAIR VALUE MEASUREMENT

FASB ASC Topic 820, *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). Level 1 of the fair value hierarchy under FASB ASC Topic 820 is described as inputs to the valuation methodology that are unadjusted quoted prices for identical assets or liabilities in active markets that DCFPI has the ability to access.

The asset or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The three levels of the fair value hierarchy are described as follows:

- Level 1* Inputs are based on unadjusted quoted prices for identical assets traded in active markets that DCFPI has the ability to access.
- Level 2* Inputs are based upon quoted prices for similar assets in active markets, quoted prices for identical or similar assets in inactive markets, or model based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data.
- Level 3* Inputs are unobservable and significant to the fair value measurement.

DC FISCAL POLICY INSTITUTE, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020
(continued)

NOTE E – INVESTMENTS AND FAIR VALUE MEASUREMENT – continued

The following valuation methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The fair value of common stock is based on observable quoted market prices.

Marketable securities are exposed to various risks such as interest rates, market, and credit risks. Due to the level of risks associated with certain investment securities, it is at least reasonably possible that changes in the values of investments will occur in the near term and those changes could materially affect the amounts reported in the statements of financial position.

The following table summarizes DCFPI’s investments at fair value on a recurring basis as of December 31, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Common stock	\$ 29,688	\$ -	\$ -	\$ 29,688
Total investments	<u>\$ 29,688</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,688</u>

The following table summarizes DCFPI’s investments at fair value on a recurring basis as of December 31, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Common stock	\$ 10,368	\$ -	\$ -	\$ 10,368
Total investments	<u>\$ 10,368</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,368</u>

NOTE F – MULTI-YEAR GRANT

For the year ended December 31, 2020, DCFPI had one multi-year grant that was due within one to three years. This grant was reduced by the discounted present value in accordance with accounting principles generally accepted in the United States of America. A present value discount rate of two percent was applied against the long-term portion of the grant receivable as of December 31, 2020. Expected receipts from the outstanding grant receivable are as follows as of December 31:

DC FISCAL POLICY INSTITUTE, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020
(continued)

NOTE F – MULTI-YEAR GRANT – continued

	2021	2020
Due in less than one year	\$ 252,107	\$ 156,114
Due in one to five year	-	40,000
Total	252,107	196,114
Less: unamortized discount	-	(784)
Grants Receivable, Net	\$ 252,107	\$ 195,330

NOTE G – PENSION PLAN

In 2019, DCFPI established the DC Fiscal Policy Institute 401(K) Plan (the “Plan”). All employees who are over the age of eighteen are eligible to contribute to the Plan. Under the provisions of the Plan, employees can elect to contribute immediately upon hire and can defer up to a certain amount of their wages as determined by Internal Revenue Service’s regulations each year. DCFPI may make a discretionary profit-sharing contribution to the Plan.

For the years ended December 31, 2021 and 2020, DCFPI contributed seven percent of each eligible employee’s compensation. The total amount of profit sharing contributions for the years ended December 31, 2021 and 2020, totaled \$62,961 and \$43,751, respectively.

NOTE H – OPERATING LEASES

On December 28, 2018, DCFPI signed a two-year sublease agreement with the Center on Budget and Policy Properties to subleasing office space at 1275 First Street, NE, Washington, D.C. starting on January 1, 2019, with an initial termination date of December 31, 2020. However, the sublease was amended on January 1, 2021, to extend the lease period to December 31, 2022.

Occupancy expense for the years ended December 31, 2021 and 2020, totaled \$150,360 and \$130,830, respectively and these amounts included DCFPI’s share of taxes and common area expenses.

Future minimum lease payments for December 31, 2022, totaled \$136,920.

NOTE I – PPP LOAN

On July 6, 2020, DCFPI secured \$112,727 with City First Bank of D.C. (the “Lender”) under the Small Business Administration’s (“SBA”) Paycheck Protection Program (“PPP”) that authorized forgivable loans to small businesses. The loan could be used to cover certain expenses during the COVID-19 crisis. The loan amounts would be forgiven as long as the loan proceeds were used to cover payroll costs, rent, certain mortgage interest, and utility costs over a period specified in the loan document after the loan was made.

DC FISCAL POLICY INSTITUTE, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020
(continued)

NOTE I – PPP LOAN – continued

If not used for the described purpose, the loan would become due on July 7, 2025, along with interest calculated at a rate of 1% per annum. As of December 31, 2020, the outstanding loan balance totaled \$112,727. On March 1, 2021, DCFPI received approval for the full forgiveness on the loan principal and interest by the lender and SBA. The loan balance was recognized as forgiveness of PPP loans in the accompanying statement of activities for the year ended December 31, 2021.

On March 14, 2021, DCFPI secured an additional \$153,460 with the Lender under the SBA’s PPP under the same conditions as the loan above. On June 24, 2021, DCFPI received approval for full forgiveness of the loan principal and interest by the lender and SBA. The loan balance was recognized as forgiveness of PPP loans in the accompanying statement of activities for the year ended December 31, 2021.

NOTE J – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of December 31, 2021 and 2020, was as follows:

	2021	2020
Policy Solutions	\$ 317,500	\$ 5,000
Time restricted	339,216	299,216
Total	\$ 656,716	\$ 304,216

NOTE K – SUBSEQUENT EVENTS

In preparing these financial statements, DC Fiscal Policy Institute, Inc.’s management has evaluated events and transactions for potential recognition or disclosure through June 6, 2022, the date the financial statements were available to be issued. There were events or transactions that were discovered during the evaluation that required additional disclosure or recognition.