

**DC FISCAL POLICY INSTITUTE, INC.**

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT**

**DECEMBER 31, 2022 AND 2021**

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CERTIFIED PUBLIC ACCOUNTANTS

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## 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, 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 financial statements referred to above present fairly, in all material respects, the financial position of DC Fiscal Policy Institute, 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 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 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.

### **Emphasis of Matter**

As discussed in Note B to the financial statements, during the year ended December 31, 2022, DCFPI, Inc. adopted new accounting guidance, Accounting Standards Update ("ASU") 2016-02, Topic 842 *Leases*, as amended. Our opinion is not modified with respect to this matter.



June 22, 2023  
Washington, DC

**DC FISCAL POLICY INSTITUTE, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2022 AND 2021**

	2022	2021
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 1,943,305	\$ 1,984,406
Grants and contributions receivable	220,000	243,207
Pledges receivable	43,067	8,900
Total Current Assets	2,206,372	2,236,513
<b>PROPERTY AND EQUIPMENT, NET</b>		
Furniture and equipment	1,200	1,200
Computers	9,250	9,250
Total Property and Equipment	10,450	10,450
Less: accumulated depreciation	(8,086)	(6,063)
Total Property and Equipment, Net	2,364	4,387
<b>OTHER ASSETS</b>		
Investments	44,972	29,688
Security deposit	21,200	21,200
Total Other Assets	66,172	50,888
<b>TOTAL ASSETS</b>	<b>\$ 2,274,908</b>	<b>\$ 2,291,788</b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 129,750	\$ 6,450
Accrued expenses	34,614	39,439
Total Liabilities	164,364	45,889
<b>NET ASSETS</b>		
With donor restrictions	770,500	656,716
Without donor restrictions	1,340,044	1,589,183
Total Net Assets	2,110,544	2,245,899
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 2,274,908</b>	<b>\$ 2,291,788</b>

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

**DC FISCAL POLICY INSTITUTE, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2022**

	Without donor Restrictions	With donor Restrictions	Total
<b>REVENUE AND SUPPORT</b>			
Grants and contributions	\$ 769,807	\$ 1,021,000	\$ 1,790,807
Investment loss, net	(5,225)	-	(5,225)
Interest income	2,688	-	2,688
Net assets released from donor restrictions	907,216	(907,216)	-
Total Revenue and Support	1,674,486	113,784	1,788,270
<b>EXPENSES</b>			
Program Services:			
Policy solutions	1,383,185	-	1,383,185
Outreach	124,035	-	124,035
Total Program Services	1,507,220	-	1,507,220
Support Services:			
Management and general	155,141	-	155,141
Fundraising	261,264	-	261,264
Total Support Services	416,405	-	416,405
Total Expenses	1,923,625	-	1,923,625
<b>CHANGE IN NET ASSETS</b>	(249,139)	113,784	(135,355)
<b>NET ASSETS, beginning of year</b>	1,589,183	656,716	2,245,899
<b>NET ASSETS, end of year</b>	\$ 1,340,044	\$ 770,500	\$ 2,110,544

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
<b>REVENUE AND SUPPORT</b>			
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	1,666,682	352,500	2,019,182
<b>EXPENSES</b>			
Program Services:			
Policy solutions	1,295,426	-	1,295,426
Outreach	40,029	-	40,029
Total Program Services	1,335,455	-	1,335,455
Support Services:			
Management and general	149,017	-	149,017
Fundraising	140,130	-	140,130
Total Support Services	289,147	-	289,147
Total Expenses	1,624,602	-	1,624,602
<b>CHANGE IN NET ASSETS</b>	42,080	352,500	394,580
<b>NET ASSETS, beginning of year</b>	1,547,103	304,216	1,851,319
<b>NET ASSETS, end of year</b>	\$ 1,589,183	\$ 656,716	\$ 2,245,899

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

**DC FISCAL POLICY INSTITUTE, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2022**

	Program Services			Support Services			Total Expenses
	Policy Solutions	Outreach	Total Programs	Management and General	Fundraising	Total Support Services	
Personnel Costs:							
Salaries	\$ 773,358	\$ 79,319	\$ 852,677	\$ 59,489	\$ 79,319	\$ 138,808	\$ 991,485
Employee benefits	77,045	7,902	84,947	5,926	7,902	13,828	98,775
Retirement benefits	58,371	5,987	64,358	4,489	5,987	10,476	74,834
Payroll taxes	63,551	6,518	70,069	4,889	6,518	11,407	81,476
Total Personnel Costs	972,325	99,726	1,072,051	74,793	99,726	174,519	1,246,570
Accounting	-	-	-	44,949	-	44,949	44,949
Advertising and marketing	-	-	-	10,026	3,450	13,476	13,476
Bank and credit card fees	-	-	-	599	-	599	599
Depreciation	1,578	162	1,740	121	162	283	2,023
Facilities, food and beverages	6,549	415	6,964	312	35,421	35,733	42,697
Insurance	6,097	625	6,722	470	625	1,095	7,817
Occupancy	120,389	12,348	132,737	9,260	12,348	21,608	154,345
Office supplies	30,939	3,173	34,112	2,380	3,173	5,553	39,665
Postage and delivery	-	-	-	-	867	867	867
Printing and copying	1,543	-	1,543	369	5,210	5,579	7,122
Professional fees	93,031	5,202	98,233	9,103	97,898	107,001	205,234
Sub grants	123,860	-	123,860	-	-	-	123,860
Staff development expenses	8,699	892	9,591	670	892	1,562	11,153
Subscriptions	2,008	206	2,214	154	206	360	2,574
Taxes and licenses	-	-	-	969	-	969	969
Travel	3,624	-	3,624	-	-	-	3,624
Website	12,543	1,286	13,829	966	1,286	2,252	16,081
Total Expenses	\$ 1,383,185	\$ 124,035	\$ 1,507,220	\$ 155,141	\$ 261,264	\$ 416,405	\$ 1,923,625

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
Sub grants	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	\$ 1,295,426	\$ 40,029	\$ 1,335,455	\$ 149,017	\$ 140,130	\$ 289,147	\$ 1,624,602

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

**DC FISCAL POLICY INSTITUTE, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2022 AND 2021**

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (135,355)	\$ 394,580
Adjustments to reconcile changes in net assets to net cash (used for) provided by operating activities:		
Depreciation	2,023	2,021
Forgiveness of PPP loans	-	(266,187)
Stock donation	(20,509)	(15,370)
Investment loss (income), net	5,225	(3,950)
(Increase) decrease in assets:		
Grants and contributions receivable	23,207	(47,877)
Pledges receivable	(34,167)	(8,900)
Prepaid expense	-	5,198
Increase (decrease) in liabilities:		
Accounts payable	123,300	(23,752)
Accrued expenses	(4,825)	13,905
Net Cash (Used for) Provided by Operating Activities	(41,101)	49,668
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from PPP loan	-	153,460
Net Cash Provided by Financing Activities	-	153,460
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(41,101)	203,128
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	1,984,406	1,781,278
<b>CASH AND CASH EQUIVALENTS, end of year</b>	\$ 1,943,305	\$ 1,984,406

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

**DC FISCAL POLICY INSTITUTE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

**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, 2022 AND 2021**  
(continued)

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

Adoption of New Accounting Pronouncement

In February 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2016-02, *Leases* (Topic 842), as amended. FASB Accounting Standards Codification (“ASC”) 842 supersedes the lease requirements in FASB ASC 840. This guidance is intended to improve financial reporting of leasing transactions by requiring organizations that lease assets to recognize assets and liabilities for the rights and obligations created by leases that extend more than twelve months. Key provisions in this guidance include additional disclosures surrounding the amount, timing, and uncertainty of cash flows arising from leases.

DCFPI adopted FASB ASC Topic 842, with an initial application of January 1, 2022, by applying the modified retrospective transition approach and using the additional (and optional) transition method provided by ASU No. 2018-11, *Leases* (Topic 842): Targeted Improvements.

As part of the transition, DCFPI implemented new controls and key system functionality to enable the preparation of financial information on adoption and elected to apply the following practical expedients:

- a) No reassessment of whether any expired or existing contracts contain a lease.
- b) No reassessment of initial direct costs for any existing leases as of the effective date.
- c) In calculating the right-of-use assets and lease liability, DCFPI has elected to combine lease and non-lease components.
- d) As an accounting policy, DCFPI has also elected to apply the short-term lease exception to all leases having initial terms of 12 months or less and recognizes occupancy expense on a straight-line basis over the lease term.

During 2022, DCFPI only had one operating lease with an initial term of 12 months. As a result, there was no operating lease, right-of-use asset or operating lease liability reflected on the statement of financial position as of December 31, 2022.

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.

**DC FISCAL POLICY INSTITUTE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**  
(continued)

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

Financial Statement Presentation (continued)

*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

For purposes of the statements of cash flows, DCFPI considers interest bearing accounts to be cash. 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.

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, 2022 and 2021, management believes that all receivables are fully collectible, within one year or less of the year ending December 31, 2022. 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. Net investment income includes gains and losses on investments bought and sold as well as held during the year.

**DC FISCAL POLICY INSTITUTE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**  
(continued)

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

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 \$2,500 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

*Grants and Contributions*

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.

As of December 31, 2022, DCFPI received conditional promises to give in the total amount of \$450,000 to be fulfilled by the year ending December 31, 2025.

*Program Income*

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 agreement ended during the year ended December 31, 2021. This revenue is recognized at a point in time, once 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, 2022 AND 2021**  
(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. Information returns of DCFPI for the years ended December 31, 2019 through 2021 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, 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.

**DC FISCAL POLICY INSTITUTE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**  
(continued)

**NOTE D – AVAILABLE RESOURCES AND LIQUIDITY** – continued

The following table reflects DCFPI’s financial assets as of December 31, 2022 and 2021, 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:

	2022	2021
Cash	\$ 1,943,305	\$ 1,984,406
Grants and contributions receivable	220,000	243,207
Pledges receivable	43,067	8,900
Investments	44,972	29,688
Total Financial Assets	2,251,344	2,266,201
Total Financial Assets Available to Meet Cash		
Needs for General Expenditures within One Year	\$ 2,251,344	\$ 2,266,201

**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, 2022 AND 2021**  
(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, 2022:

	Level 1	Level 2	Level 3	Total
Cash	\$ 411	\$ -	\$ -	\$ 411
Common stock	44,561	-	-	44,561
Total Investments	<u>\$ 44,972</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 44,972</u>

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

	Level 1	Level 2	Level 3	Total
Cash	\$ 142	\$ -	\$ -	\$ 142
Common stock	29,546	-	-	29,546
Total Investments	<u>\$ 29,688</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,688</u>

**NOTE F – RETIREMENT 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, 2022 and 2021, DCFPI contributed seven percent of each eligible employee’s compensation. The total amount of profit sharing contributions for the years ended December 31, 2022 and 2021, totaled \$74,834 and \$62,961, respectively.

**DC FISCAL POLICY INSTITUTE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE G – 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 twice, to extend the lease period to December 31, 2022 and for an additional six months through June 30, 2023. Future minimum lease payments total \$23,391 for the year ended December 31, 2023.

Occupancy expense for the years ended December 31, 2022 and 2021, totaled \$154,345 and \$150,360, respectively, and these amounts included DCFPI’s share of taxes and common area expenses.

**NOTE H – 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.

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. 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 I – NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions as of December 31, 2022 and 2021, was as follows:

	2022	2021
Policy solutions	\$ 545,500	\$ 317,500
Time restricted	225,000	339,216
Total	\$ 770,500	\$ 656,716

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**NOTE J – 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 22, 2023, the date the financial statements were available to be issued. Except the lease extension as mentioned in Note G, there were no additional events or transactions that were discovered during the evaluation that required additional disclosure or recognition.