



THE CAMPAIGN LEGAL CENTER, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

THE CAMPAIGN LEGAL CENTER, INC.

TABLE OF CONTENTS
DECEMBER 31, 2019 AND 2018

	<u>Pages</u>
Independent Auditors' Report	3
Financial Statements	
Statements of Financial Position.....	4
Statements of Activities	5
Statements of Functional Expenses.....	6-7
Statements of Cash Flows.....	8
Notes to Financial Statements	9-15



7910 WOODMONT AVENUE
SUITE 500
BETHESDA, MD 20814
(T) 301.986.0600

1150 18TH STREET, NW
SUITE 550
WASHINGTON, DC 20036
(T) 202.822.0717

Independent Auditors' Report

Board of Trustees
The Campaign Legal Center, Inc.
Washington, D.C.

We have audited the accompanying financial statements of The Campaign Legal Center, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Campaign Legal Center, Inc., as of December 31, 2019 and 2018, 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.

Councilor, Buchanan & Mitchell, P.C.

Washington, D.C.
August 7, 2020

Certified Public Accountants



THE CAMPAIGN LEGAL CENTER, INC.

STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 AND 2018

Assets	<u>2019</u>	<u>2018</u>
Current Assets		
Cash and Cash Equivalents	\$ 10,533,524	\$ 4,984,075
Certificates of Deposit	267,406	261,524
Pledges Receivable	3,188,436	1,470,458
Due from Campaign Legal Center Action	32,973	-
Prepaid Expenses	<u>78,272</u>	<u>100,799</u>
Total Current Assets	14,100,611	6,816,856
Pledges Receivable, Net of Current Portion	433,334	525,000
Property and Equipment, Net	982,895	328,448
Security Deposit	<u>87,874</u>	<u>100,580</u>
Total Assets	<u>\$ 15,604,714</u>	<u>\$ 7,770,884</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable and Accrued Expenses	\$ 209,465	\$ 159,351
Deferred Rent	<u>103,965</u>	<u>38,785</u>
Total Current Liabilities	313,430	198,136
Deferred Rent, Net of Current Portion	<u>897,500</u>	<u>16,024</u>
Total Liabilities	1,210,930	214,160
Net Assets		
Without Donor Restrictions		
Undesignated	4,098,990	2,011,228
Board Designated for Reserve Fund	<u>2,955,620</u>	<u>1,858,624</u>
Total Net Assets Without Donor Restrictions	7,054,610	3,869,852
With Donor Restrictions	<u>7,339,174</u>	<u>3,686,872</u>
Total Net Assets	<u>14,393,784</u>	<u>7,556,724</u>
Total Liabilities and Net Assets	<u>\$ 15,604,714</u>	<u>\$ 7,770,884</u>

See accompanying Notes to Financial Statements.

THE CAMPAIGN LEGAL CENTER, INC.

STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	Without Donor Restrictions	With Donor Restrictions	2019 Total	Without Donor Restrictions	With Donor Restrictions	2018 Total
Revenue						
Contributions and Grants	\$ 4,288,486	\$ 9,735,148	\$ 14,023,634	\$ 2,849,791	\$ 4,989,095	\$ 7,838,886
Reimbursed Legal Fees	185,422	-	185,422	82,764	-	82,764
Other	84,857	-	84,857	52,892	-	52,892
Interest Income	22,316	-	22,316	18,612	-	18,612
Net Assets Released from Restrictions	<u>6,082,846</u>	<u>(6,082,846)</u>	<u>-</u>	<u>4,935,878</u>	<u>(4,935,878)</u>	<u>-</u>
Total Revenue	10,663,927	3,652,302	14,316,229	7,939,937	53,217	7,993,154
Expenses						
Program	5,046,136	-	5,046,136	4,270,619	-	4,270,619
Administrative	1,757,774	-	1,757,774	1,165,704	-	1,165,704
Fundraising	<u>675,259</u>	<u>-</u>	<u>675,259</u>	<u>579,432</u>	<u>-</u>	<u>579,432</u>
Total Expenses	<u>7,479,169</u>	<u>-</u>	<u>7,479,169</u>	<u>6,015,755</u>	<u>-</u>	<u>6,015,755</u>
Change in Net Assets	3,184,758	3,652,302	6,837,060	1,924,182	53,217	1,977,399
Net Assets, Beginning of Year	<u>3,869,852</u>	<u>3,686,872</u>	<u>7,556,724</u>	<u>1,945,670</u>	<u>3,633,655</u>	<u>5,579,325</u>
Net Assets, End of Year	<u>\$ 7,054,610</u>	<u>\$ 7,339,174</u>	<u>\$ 14,393,784</u>	<u>\$ 3,869,852</u>	<u>\$ 3,686,872</u>	<u>\$ 7,556,724</u>

See accompanying Notes to Financial Statements.

THE CAMPAIGN LEGAL CENTER, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Program</u>	<u>Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Expenses				
Salaries and Benefits	\$ 3,376,714	\$ 1,120,534	\$ 545,483	\$ 5,042,731
Professional Fees	537,830	261,797	1,438	801,065
Conferences and Meetings	30,869	23,188	4,294	58,351
Depreciation and Amortization	-	206,749	-	206,749
Occupancy	23,525	353,003	-	376,528
Office Expense	12,160	49,706	795	62,661
Printing and Publications	101,024	17,108	1,568	119,700
Telecommunications	11,659	49,606	1,197	62,462
Travel	148,573	54,527	44,357	247,457
Miscellaneous	23,356	86,368	5,223	114,947
Communications/Publicity/Website	91,491	-	-	91,491
Research Services	108,929	4,801	4,315	118,045
Deposition/Discovery/Transcripts	120,089	-	-	120,089
Internships	43,933	868	-	44,801
Equipment Rental	-	12,092	-	12,092
Shared Cost Allocation	415,984	(482,573)	66,589	-
Total Expenses	<u>\$ 5,046,136</u>	<u>\$ 1,757,774</u>	<u>\$ 675,259</u>	<u>\$ 7,479,169</u>

See accompanying Notes to Financial Statements.

THE CAMPAIGN LEGAL CENTER, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Program</u>	<u>Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Expenses				
Salaries and Benefits	\$ 3,130,845	\$ 659,375	\$ 315,339	\$ 4,105,559
Accounting Services	-	127,996	-	127,996
Conferences and Meetings	23,058	10,141	9,488	42,687
Depreciation and Amortization	-	77,522	-	77,522
Insurance	-	12,228	-	12,228
Occupancy	17,159	301,204	-	318,363
Office Expense	16,436	41,848	3,177	61,461
Printing and Postage	112,747	10,340	1,221	124,308
Professional Fees	456,883	178,739	193,275	828,897
Subscription Services	16,470	75	-	16,545
Telecommunications	10,669	23,686	600	34,955
Travel	102,839	10,023	18,450	131,312
Miscellaneous	3,117	35,250	550	38,917
Public Relations	42,300	-	-	42,300
Research Services	43,546	1,494	7,665	52,705
Shared Cost Allocation	294,550	(324,217)	29,667	-
Total Expenses	<u>\$ 4,270,619</u>	<u>\$ 1,165,704</u>	<u>\$ 579,432</u>	<u>\$ 6,015,755</u>

See accompanying Notes to Financial Statements.

THE CAMPAIGN LEGAL CENTER, INC.

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

	2019	2018
Cash Flows from Operating Activities		
Change in Net Assets	\$ 6,837,060	\$ 1,977,399
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation and Amortization	206,749	77,522
<u>(Increase) Decrease in Assets</u>		
Pledges Receivable	(1,626,312)	(958,571)
Due from Campaign Legal Center Action	(32,973)	-
Prepaid Expenses	22,527	(90,834)
Security Deposit	12,706	(87,874)
<u>Increase (Decrease) in Liabilities</u>		
Accounts Payable and Accrued Expenses	50,114	3,918
Deferred Rent	161,742	(19,504)
	5,631,613	902,056
Cash Flows from Investing Activities		
Purchases of Certificates of Deposit	(5,882)	(4,209)
Purchases of Property and Equipment	(76,282)	(282,527)
	(82,164)	(286,736)
Net Cash Used in Investing Activities		
Net Increase in Cash and Cash Equivalents	5,549,449	615,320
Cash and Cash Equivalents, Beginning of Year	4,984,075	4,368,755
	5,549,449	615,320
Cash and Cash Equivalents, End of Year	\$ 10,533,524	\$ 4,984,075

Noncash Transaction from Investing and Financing Activities

During the year ended December 31, 2019, the Center received approximately \$785,000 of leasehold improvements to its office from its landlord.

See accompanying Notes to Financial Statements.

THE CAMPAIGN LEGAL CENTER, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Campaign Legal Center, Inc. (the Center), is a District of Columbia nonprofit corporation. The Center works as a nonpartisan organization to protect and strengthen the democratic process across all levels of government through litigation and advocacy.

The Center is supported primarily by contributions and grants.

Basis of Accounting

The accompanying financial statements are presented on the accrual basis of accounting. Consequently, revenue is recognized when earned and expenses when incurred.

Cash and Cash Equivalents

For financial statement purposes, the Center considers all highly liquid debt instruments with initial maturities of ninety days or less to be cash equivalents.

Certificates of Deposit

Certificates of deposit are recorded at cost plus accrued interest, which approximates market value. Upon maturity, the funds are automatically reinvested in certificates of deposit with similar interest rates and maturities.

Pledges Receivable

Pledges expected to be collected within one year are recorded at net realizable value. Pledges expected to be collected in future years are recorded at the present value of their estimated future cash flows, using a rate established at the time of donation by management. Present value discounts are amortized over the life of the pledge. The Center reviews the collectability of the receivables on a regular basis. Management considers all pledges receivable to be fully collectible, and accordingly, does not believe any allowance for uncollectible pledges is necessary as of December 31, 2019 and 2018.

Property and Equipment

The Center capitalizes all property and equipment acquisitions greater than \$1,000. Property and equipment are recorded at cost, if purchased, or at fair market value, if donated. Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the assets or, for leasehold improvement, the shorter of the useful life or the remaining lease term. Maintenance and repairs are charged to expense when incurred.

Website Development Costs

The Center capitalizes costs for website development incurred during the application development stage. Costs related to preliminary project activities and post implementation activities are expensed as incurred. Internal and external costs, if direct and incremental, are capitalized until the website is substantially complete and ready for its intended use.

THE CAMPAIGN LEGAL CENTER, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Rent

The Center recognizes the minimum non-contingent rent payments required under an operating lease as rent expense on a straight-line basis over the life of the lease, with differences between amounts recognized as expense and the amounts paid recorded as deferred rent on the statements of financial position.

Basis of Presentation

Net assets and revenues are classified based on the existence or absence of donor-imposed restrictions and reported as follows:

Net Assets Without Donor Restrictions - net assets that are not subject to donor-imposed purpose or time restrictions.

Net Assets With Donor Restrictions - net assets subject to donor-imposed stipulations that will be met either by actions of the Center and/or the passage of time. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, 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.

Contributions and Grants

Contributions and grants, including unconditional promises to give, are recorded as with donor restrictions or without donor restrictions depending on existence and/or the nature of any donor restrictions, when received. When a restriction expires (that is, when a stipulated time restriction ends, or purpose restriction is accomplished), 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.

Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. There were no conditional contributions as of December 31, 2019.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. These expenses require allocation on a reasonable basis that is consistently applied.

THE CAMPAIGN LEGAL CENTER, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses (Continued)

The expenses that are allocated include salaries and benefits, rent, insurance, and other general expenses, which are allocated on the basis of estimates of time and effort by employees. Expenses directly identifiable to programs and supporting activities are presented accordingly.

Income Taxes

The Center is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and is classified as an organization that is not a private foundation.

The Center requires that a tax position be recognized or derecognized based on a “more-likely-than-not” threshold. This applies to positions taken or expected to be taken in a tax return. The Center does not believe its financial statements include, or reflect, any uncertain tax positions. The Center’s IRS Form 990, *Return of Organization Exempt from Income Tax*, is subject to examination generally for three years after filing.

Donated Services

Donated services are recognized as contributions, at fair value, if the services (a) create nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Center.

Reclassifications

Certain 2018 amounts have been reclassified for comparative purposes.

2. ADOPTION OF ACCOUNTING STANDARDS

Accounting Standards Update 2018-08

During the year ended December 31, 2019, the Center adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU provides additional guidance in (1) evaluating whether transactions should be accounted for as contributions (within the scope of ASC 958) or as exchange (reciprocal) transactions (subject to ASC 606); and (2) distinguishing between conditional and unconditional contributions. Management believes that the adoption of this ASU enhances the comparability of financial information among not-for-profit entities. This change in accounting principle was adopted on a modified prospective basis in 2019. As a result, there was no cumulative-effect adjustment to opening net assets without donor restrictions or opening net assets with donor restrictions as of January 1, 2019. The impact of adoption was not material to the financial statements.

THE CAMPAIGN LEGAL CENTER, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

2. ADOPTION OF ACCOUNTING STANDARDS (CONTINUED)

Accounting Standards Codification Topic 606

During the year ended December 31, 2019, the Center adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 606, *Revenue from Contracts with Customers*. Management believes that the adoption of this standard provides better consistency and comparability across non-profit and for-profit entities. The standard requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard replaces most existing revenue recognition guidance in U.S. GAAP. This change in accounting principle was adopted using the modified retrospective method as of January 1, 2019. Analysis of the various provisions of this standard resulted in no significant changes in the way the Center recognizes revenue; however, the presentation and disclosure of revenue has been enhanced.

3. LIQUIDITY AND AVAILABLE RESOURCES

The Center's liquidity policy requires the organization to maintain sufficient liquid financial assets in order to meet general expenditures and obligations as they become due, specifically to maintain cash and cash equivalents equal to at least six months of routine operating expenditures. Management periodically reviews the Center's liquid asset needs and adjusts reserves as needed.

Management may use Board Designated and MacArthur Reserve funds only with approval from the Center's Board of Trustees. Such votes of approval may be completed by the Board, either in person or via email, as per the Center's bylaws. The Board Designated and MacArthur Reserve funds are included in cash and cash equivalents on the statements of financial position.

As of December 31, 2019, the following financial assets and liquidity sources were available for general operating expenditures in the year ending December 31, 2020:

Cash and Cash Equivalents	\$ 10,533,524
Certificates of Deposit	267,406
Pledges Receivable in Less Than One Year	<u>3,188,436</u>
Total Assets Available within One Year	13,989,366
Less Donor Restricted for Purpose and Greater Than One Year	<u>(2,967,142)</u>
Total Assets Available for General Expenditure within One Year	<u>\$ 11,022,224</u>

As of December 31, 2018, the following financial assets and liquidity sources were available for general operating expenditures in the year ending December 31, 2019:

Cash and Cash Equivalents	\$ 4,984,075
Certificates of Deposit	261,524
Pledges Receivable in Less Than One Year	<u>1,470,458</u>
Total Assets Available within One Year	6,716,057
Less Donor Restricted for Purpose and Greater Than One Year	<u>(3,161,872)</u>
Total Assets Available for General Expenditure within One Year	<u>\$ 3,554,185</u>

THE CAMPAIGN LEGAL CENTER, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

4. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of December 31:

	<u>2019</u>	<u>2018</u>
Computer Equipment	\$ 142,115	\$ 121,364
Furniture and Equipment	120,551	72,020
Website	339,931	332,931
Leasehold Improvements	<u>784,914</u>	<u>-</u>
Total	1,387,511	526,315
Less Accumulated Depreciation and Amortization	<u>(404,616)</u>	<u>(197,867)</u>
Property and Equipment, Net	<u>\$ 982,895</u>	<u>\$ 328,448</u>

5. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were available for the following purposes as of December 31:

	<u>2019</u>	<u>2018</u>
Campaign Finance	\$ 137,536	\$ 497,806
Voting Rights	445,829	136,566
Redistricting	115,000	745,333
MacArthur Reserve Fund	157,150	301,146
Personnel	57,460	10,358
Subsequent Years Activities	<u>6,426,199</u>	<u>1,995,663</u>
Donor Restricted Net Assets	<u>\$ 7,339,174</u>	<u>\$ 3,686,872</u>

Net assets with donor restrictions were released from donor restrictions by satisfying restrictions as follows:

	<u>2019</u>	<u>2018</u>
Subsequent Years' Activities	\$ 4,179,568	\$ 2,463,140
Campaign Finance	614,270	1,128,780
Voting Rights	313,073	655,177
Redistricting	750,333	162,667
Ethics	-	41,667
MacArthur Reserve Fund	143,996	381,650
Strategic Planning	-	50,625
Personnel	<u>81,606</u>	<u>52,172</u>
Net Assets Released from Restrictions	<u>\$ 6,082,846</u>	<u>\$ 4,935,878</u>

6. CONCENTRATIONS

As of December 31, 2019, approximately 68% of pledges receivable was due from two donors. For the year ended December 31, 2019, approximately 37% of contributions and grants revenue was received from one donor.

As of December 31, 2018, approximately 40% of pledges receivable was due from two donors. For the year ended December 31, 2018, approximately 22% of contributions and grants revenue was received from one donor.

THE CAMPAIGN LEGAL CENTER, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

6. CONCENTRATIONS (CONTINUED)

The Center maintains cash balances at financial institutions. The accounts at these institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. At times during the year, the Center's cash balances exceeded the FDIC insurance limits. Management believes the risk in these situations to be minimal.

7. OPERATING LEASES

During the year ended December 31, 2018, the Center entered into a new lease agreement (the Lease) for its office in Washington, D.C., with a term from April 2019 through October 2026. The lease contains scheduled rent increases plus the pass-through of increases in operating expenses and real estate taxes. The lessor provided a leasehold improvement allowance of approximately \$785,000. Under accounting principles generally accepted in the United States of America (GAAP), all rental payments, including fixed rent increases, are recognized on a straight-line basis over the term of the lease. The leasehold improvement allowance is amortized over the life of the lease on a straight-line basis as an offset to rent expense.

The difference between the GAAP rent expense and the required lease payments, as well as any unamortized leasehold improvement allowance, are reflected as deferred rent and deferred leasehold improvements credit in the accompanying statements of financial position.

Future minimum rental payments required under the Lease are as follows:

<u>For the Years Ending December 31,</u>	<u>Amount</u>
2020	\$ 529,122
2021	550,574
2022	564,371
2023	578,489
2024	592,975
Thereafter	<u>1,126,278</u>
Total	<u>\$ 3,941,809</u>

Rent and related operating expenses for the years ended December 31, 2019 and 2018, were approximately \$377,000 and \$318,000, respectively.

8. RETIREMENT PLAN

The Center maintains a 401(k) plan (the Plan) that covers all employees who meet certain age and service requirements. Employees are eligible for discretionary profit sharing contributions after completing one year of eligibility and employment on the last day of the year. Effective January 1, 2018, employees are eligible for 100% matching contributions of their elective deferrals up to 2% of compensation. There is no service requirement for elective deferrals and matching contributions. During the years ended December 31, 2019 and 2018, the Center's contributions to the Plan were approximately \$70,400 and \$48,000, respectively.

THE CAMPAIGN LEGAL CENTER, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

9. DONATED SERVICES

During the year ended December 31, 2019, the Center was the beneficiary of professional services that are recorded as donated services in the statements of activities. The Center received contributed services for the programs with a fair value on the dates of donation of \$31,300 and for advertising services with a fair value on the dates of donation of \$17,545 during the year ended December 31, 2019.

10. RELATED PARTY TRANSACTIONS

The Center has entered into a cost-sharing agreement with Campaign Legal Center Action (Action) a nonprofit organization exempt under Section 501(c)(4) of the Internal Revenue Code. The agreement covers personnel costs, rent, and other overhead costs. Action incurred approximately \$53,000 of costs under the cost-sharing agreement during the year ended December 31, 2019. These costs were reimbursed to the Center subsequent to year-end.

11. SUBSEQUENT EVENTS

The spread of COVID-19 (coronavirus disease) has had a disruptive impact on the daily life and operations of individuals, businesses, and nonprofits around the world. There is uncertainty about financial and economic impacts in all sectors of the economy. The financial markets have experienced significant volatility, and this may continue for an extended period of time. In light of these circumstances, management continues to assess how best to adapt to changed circumstances.

The Center has received a Small Business Administration (SBA) loan under the Paycheck Protection Program (PPP) in the amount of \$903,999. PPP provides cash-flow assistance through 100% federally guaranteed loans to eligible recipients to maintain payroll during the COVID-19 public health emergency and cover certain other expenses. If the Center maintains its workforce and meets certain requirements, up to 100% of the loan may be forgiven by the SBA. No more than 40% of the forgiven amount may be for non-payroll costs. Loans under PPP have an interest rate of 1% and may negotiate to a five-year maturity date, if not forgiven.

In January 2020, the Center entered into an amendment to the operating lease discussed in Note 7 to expand the office space. The amendment commencement date is March 15, 2020 and expires on August 31, 2022. Under the terms of the lease, annual base rent is approximately \$167,700 with a fixed annual escalation of 2.5%.

Subsequent events were evaluated through August 7, 2020, which is the date the financial statements were available to be issued.