



THE CAMPAIGN LEGAL CENTER, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

THE CAMPAIGN LEGAL CENTER, INC.

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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, 2020 and 2019, 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, 2020 and 2019, 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.
June 14, 2021

Certified Public Accountants

THE CAMPAIGN LEGAL CENTER, INC.

STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019

Assets	2020	2019
Current Assets		
Cash and Cash Equivalents	\$ 14,347,286	\$ 10,533,524
Promissory Note Receivable	5,000,000	-
Certificates of Deposit	472,991	267,406
Pledges Receivable	1,404,585	3,188,436
Due from Campaign Legal Center Action	26,769	32,973
Prepaid Expenses	86,169	78,272
Total Current Assets	21,337,800	14,100,611
Pledges Receivable, Net of Current Portion	25,000	433,334
Property and Equipment, Net	824,899	982,895
Security Deposit	103,769	87,874
Total Assets	<u>\$ 22,291,468</u>	<u>\$ 15,604,714</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable and Accrued Expenses	\$ 469,730	\$ 209,465
PPP Refundable Advance	903,999	-
Deferred Rent	151,733	103,965
Total Current Liabilities	1,525,462	313,430
Deferred Rent, Net of Current Portion	800,614	897,500
Total Liabilities	2,326,076	1,210,930
Net Assets		
Without Donor Restrictions		
Undesignated	6,124,424	4,098,990
Board Designated for Reserve Fund	8,100,937	2,955,620
Total Net Assets Without Donor Restrictions	14,225,361	7,054,610
With Donor Restrictions	5,740,031	7,339,174
Total Net Assets	19,965,392	14,393,784
Total Liabilities and Net Assets	<u>\$ 22,291,468</u>	<u>\$ 15,604,714</u>

See accompanying Notes to Financial Statements.

THE CAMPAIGN LEGAL CENTER, INC.

STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	Without Donor Restrictions	With Donor Restrictions	2020 Total	Without Donor Restrictions	With Donor Restrictions	2019 Total
Revenue						
Contributions and Grants	\$ 9,345,405	\$ 6,202,500	\$ 15,547,905	\$ 4,288,486	\$ 9,735,148	\$ 14,023,634
Reimbursed Legal Fees	4,988	-	4,988	185,422	-	185,422
Other	2,568	-	2,568	84,857	-	84,857
Interest Income	22,990	-	22,990	22,316	-	22,316
Net Assets Released from Restrictions	7,801,643	(7,801,643)	-	6,082,846	(6,082,846)	-
Total Revenue	17,177,594	(1,599,143)	15,578,451	10,663,927	3,652,302	14,316,229
Expenses						
Program	6,609,124	-	6,609,124	5,046,136	-	5,046,136
Administrative	2,407,751	-	2,407,751	1,757,774	-	1,757,774
Fundraising	989,968	-	989,968	675,259	-	675,259
Total Expenses	10,006,843	-	10,006,843	7,479,169	-	7,479,169
Change in Net Assets	7,170,751	(1,599,143)	5,571,608	3,184,758	3,652,302	6,837,060
Net Assets, Beginning of Year	7,054,610	7,339,174	14,393,784	3,869,852	3,686,872	7,556,724
Net Assets, End of Year	\$ 14,225,361	\$ 5,740,031	\$ 19,965,392	\$ 7,054,610	\$ 7,339,174	\$ 14,393,784

See accompanying Notes to Financial Statements.

THE CAMPAIGN LEGAL CENTER, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Program</u>	<u>Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Expenses				
Salaries and Benefits	\$ 4,939,617	\$ 1,620,122	\$ 765,252	\$ 7,324,991
Professional Fees	415,703	375,402	75,848	866,953
Litigation Expenses	197,598	8,918	-	206,516
Conferences and Meetings	1,131	-	6,984	8,115
Depreciation and Amortization	-	297,620	-	297,620
Insurance	-	41,745	-	41,745
Occupancy	36,292	549,811	-	586,103
Office Expense	52,548	50,951	12,322	115,821
Telecommunications	747	33,053	383	34,183
Travel	64,059	1,930	10,975	76,964
Miscellaneous	34,494	1,639	11,195	47,328
Outreach	226,073	3,068	6,324	235,465
Research Services	122,609	21,857	20,573	165,039
Shared Cost Allocation	518,253	(598,365)	80,112	-
Total Expenses	<u>\$ 6,609,124</u>	<u>\$ 2,407,751</u>	<u>\$ 989,968</u>	<u>\$ 10,006,843</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	\$ 5,046,136	\$ 1,757,774	\$ 675,259	\$ 7,479,169

See accompanying Notes to Financial Statements.

THE CAMPAIGN LEGAL CENTER, INC.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities		
Change in Net Assets	\$ 5,571,608	\$ 6,837,060
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation and Amortization	297,620	206,749
<u>(Increase) Decrease in Assets</u>		
Pledges Receivable	2,192,185	(1,626,312)
Due from Campaign Legal Center Action	6,204	(32,973)
Prepaid Expenses	(7,897)	22,527
Security Deposit	(15,895)	12,706
<u>Increase (Decrease) in Liabilities</u>		
Accounts Payable and Accrued Expenses	260,265	50,114
PPP Refundable Advance	903,999	-
Deferred Rent	(87,804)	161,742
Net Cash Provided by Operating Activities	<u>9,120,285</u>	<u>5,631,613</u>
Cash Flows from Investing Activities		
Purchase of Promissory Note Receivable	(5,000,000)	-
Purchases of Certificates of Deposit	(205,585)	(5,882)
Purchases of Property and Equipment	(100,938)	(76,282)
Net Cash Used in Investing Activities	<u>(5,306,523)</u>	<u>(82,164)</u>
Net Increase in Cash and Cash Equivalents	3,813,762	5,549,449
Cash and Cash Equivalents, Beginning of Year	<u>10,533,524</u>	<u>4,984,075</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 14,347,286</u></u>	<u><u>\$ 10,533,524</u></u>

Noncash Transaction from Investing and Financing Activities

During the years ended December 31, 2020 and December 31, 2019, the Center received leasehold improvements for its office from its landlord of approximately \$38,700 and \$785,000, respectively.

See accompanying Notes to Financial Statements.

THE CAMPAIGN LEGAL CENTER, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

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

The Center considers all highly liquid debt instruments with initial maturities of ninety days or less to be cash equivalents.

Promissory Note Receivable

The Center has a promissory note from CNote Group, Inc. (the Group), for funds the Center has committed to the Group. The Group invests the funds in certificates of deposit (CDs) or other bank deposit accounts on behalf of the Center. However, the Center does not have any direct ownership rights in and to the CDs or deposit accounts. The note is interest bearing at the rate of .4% per annum and interest is paid on a monthly basis. The initial maturity of the note is three months and is automatically extended for additional three-month terms unless the Center submits a timely withdrawal request. At any time prior to the maturity date, provided that sufficient funds are available to the Group, the Center may withdraw the amount owed.

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, if such discount is material. 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, 2020 and 2019.

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

THE CAMPAIGN LEGAL CENTER, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

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

Property and Equipment (Continued)

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.

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

Unconditional contributions and grants are recorded as with donor restrictions or without donor restrictions depending on existence and/or the nature of any donor restrictions, when pledged. 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 contributions and grants are reported as refundable advances until the conditions have been substantially met or explicitly waived by the donor. Revenue is recognized on the date the conditions are met.

THE CAMPAIGN LEGAL CENTER, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

1. ORGANIZATION AND 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 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 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 2019 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

THE CAMPAIGN LEGAL CENTER, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

2. ADOPTION OF ACCOUNTING STANDARDS (CONTINUED)

Accounting Standards Update 2018-08 (Continued)

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. The impact of adoption was not material to the financial statements.

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, and was applied to all contracts open at 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. The Board Designated and MacArthur Reserve funds are included in cash and cash equivalents on the statements of financial position.

As of December 31, 2020, the following financial assets and liquidity sources were available for general operating expenditures in the year ending December 31, 2021:

Cash and Cash Equivalents	\$ 14,347,286
Promissory Note Receivable	5,000,000
Certificates of Deposit	472,991
Due from Campaign Legal Center Action	26,769
Pledges Receivable in Less Than One Year	1,404,585
Total Assets Available within One Year	21,251,631
Less Donor Restricted for Purpose and Beyond One Year	(1,419,528)
Total Assets Available for General Expenditure within One Year	\$ 19,832,103

THE CAMPAIGN LEGAL CENTER, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

3. LIQUIDITY AND AVAILABLE RESOURCES (CONTINUED)

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
Due from Campaign Legal Center Action	32,973
Pledges Receivable in Less Than One Year	<u>3,188,436</u>
Total Assets Available within One Year	14,022,339
Less Donor Restricted for Purpose and Beyond One Year	<u>(2,967,142)</u>
Total Assets Available for General Expenditure within One Year	<u><u>\$ 11,055,197</u></u>

4. PROPERTY AND EQUIPMENT

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

	2020	2019
Computer Equipment	\$ 147,549	\$ 142,115
Furniture and Equipment	144,636	120,551
Website	289,830	339,931
Leasehold Improvements	<u>823,600</u>	<u>784,914</u>
Total	1,405,615	1,387,511
Less Accumulated Depreciation and Amortization	<u>(580,716)</u>	<u>(404,616)</u>
Property and Equipment, Net	<u><u>\$ 824,899</u></u>	<u><u>\$ 982,895</u></u>

5. PLEDGES RECEIVABLE

Pledges receivable consisted of the following as of December 31:

	2020	2019
Pledges Receivable Due in Less Than One Year	\$ 1,404,585	\$ 3,188,436
Pledges Receivable Due in One to Five Years	<u>25,000</u>	<u>433,334</u>
Total Pledges Receivable	<u><u>\$ 1,429,585</u></u>	<u><u>\$ 3,621,770</u></u>

6. NET ASSETS WITH DONOR RESTRICTIONS

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

	2020	2019
Campaign Finance	\$ 50,367	\$ 137,536
Voting Rights	774,588	445,829
Redistricting	100,000	115,000
MacArthur Reserve Fund	56,212	157,150
Personnel	130,442	57,460
Subsequent Years' Activities	<u>4,628,422</u>	<u>6,426,199</u>
Donor Restricted Net Assets	<u><u>\$ 5,740,031</u></u>	<u><u>\$ 7,339,174</u></u>

THE CAMPAIGN LEGAL CENTER, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

6. NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

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

	<u>2020</u>	<u>2019</u>
Subsequent Years' Activities	\$ 6,187,778	\$ 4,179,568
Campaign Finance	112,169	614,270
Voting Rights	1,061,240	313,073
Redistricting	215,000	750,333
MacArthur Reserve Fund	100,938	143,996
Personnel	124,518	81,606
Net Assets Released from Restrictions	<u>\$ 7,801,643</u>	<u>\$ 6,082,846</u>

7. CONCENTRATIONS

As of December 31, 2020, approximately 46% of pledges receivable was due from two donors.

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.

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.

8. 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. During the year ended December 31, 2020, the Center entered into an amendment to this operating lease to expand the office space with a term from March 2020 through August 2022. The lessor provided an additional leasehold improvement allowance of approximately \$38,700. 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 CAMPAIGN LEGAL CENTER, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

8. OPERATING LEASES (CONTINUED)

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

<u>For the Years Ending December 31,</u>	<u>Amount</u>
2021	\$ 725,719
2022	683,692
2023	578,489
2024	592,975
2025	607,782
Thereafter	518,496
Total	<u>\$ 3,707,153</u>

9. 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 being employed on the last day of the year. Effective September 17, 2019, employees are eligible for 100% matching contributions of their elective deferrals up to 5% of compensation depending on years of service with the Center. There is no service requirement for elective deferrals and matching contributions. During the years ended December 31, 2020 and 2019, the Center's contributions to the Plan were approximately \$186,000 and \$70,400, respectively.

10. DONATED SERVICES

During the years ended December 31, 2020 and 2019, the Center was the beneficiary of professional services that are included in contributions and grants in the statements of activities. The Center received donated professional services with a fair value of \$78,000 during the year ended December 31, 2020, that are included in administrative expenses in the statement of functional expenses. During the year ended December 31, 2019, the Center received donated professional services of approximately \$49,000 and included approximately \$18,000 in program expenses and \$31,000 in administrative expenses.

11. RELATED PARTY TRANSACTIONS

The Center has 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. During the years ended December 31, 2020 and 2019, Action incurred costs under the cost-sharing agreement of approximately \$42,100 and \$53,000, respectively. These costs were reimbursed to the Center subsequent to each year end.

12. CONDITIONAL GRANT

During the year ended December 31, 2020, the Center received a grant, of which a portion is conditional. As of December 31, 2020, the conditional portion of the grant in the amount of \$20,000 will be recognized as revenue if certain cost requirements are met.

THE CAMPAIGN LEGAL CENTER, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

13. RESPONSE TO COVID-19

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.

During 2020, the Center 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. Management believes the Center will meet the criteria for loan forgiveness. However, at December 31, 2020, the Center is accounting for this SBA loan as a conditional contribution since repayment has not yet been waived, and as such, the loan proceeds are included as a PPP refundable advance on the statements of financial position.

14. SUBSEQUENT EVENTS

Subsequent events were evaluated through June 14, 2021, which is the date the financial statements were available to be issued.