



THE CAMPAIGN LEGAL CENTER, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2021

THE CAMPAIGN LEGAL CENTER, INC.

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DECEMBER 31, 2021

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Independent Auditor's Report

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

Opinion

We have audited the accompanying financial statements of The Campaign Legal Center, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Campaign Legal Center, Inc., as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Campaign Legal Center, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 The Campaign Legal Center, 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.

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

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 The Campaign Legal Center 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 The Campaign Legal Center 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.

Councilor, Buchanan + Mitchell, P.C.

Washington, D.C.
May 19, 2022

Certified Public Accountants

THE CAMPAIGN LEGAL CENTER, INC.

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021

Assets	
Current Assets	
Cash and Cash Equivalents	\$ 12,479,807
Promissory Notes Receivable	9,000,000
Certificates of Deposit	235,536
Pledges Receivable	4,570,052
Due from Campaign Legal Center Action	5,665
Prepaid Expenses	100,930
Other Current Assets	625
	<hr/>
Total Current Assets	26,392,615
Pledges Receivable, Net of Current Portion	700,000
Property and Equipment, Net	898,863
Security Deposit	102,891
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Total Assets	<u><u>\$ 28,094,369</u></u>
Liabilities and Net Assets	
Current Liabilities	
Accounts Payable and Accrued Expenses	\$ 449,108
Deferred Rent	157,181
	<hr/>
Total Current Liabilities	606,289
Deferred Rent, Net of Current Portion	643,433
	<hr/>
Total Liabilities	1,249,722
Net Assets	
Without Donor Restrictions	
Undesignated	7,703,063
Board Designated for Reserve Fund	9,157,149
Board Designated for President's Emergent Threat Fund	3,000,000
	<hr/>
Total Net Assets Without Donor Restrictions	19,860,212
With Donor Restrictions	6,984,435
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Total Net Assets	26,844,647
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Total Liabilities and Net Assets	<u><u>\$ 28,094,369</u></u>

See accompanying Notes to Financial Statements.

THE CAMPAIGN LEGAL CENTER, INC.

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue			
Contributions and Grants	\$ 7,915,485	\$ 9,850,548	\$ 17,766,033
Reimbursed Legal Fees	150,406	-	150,406
Other	37,481	-	37,481
Interest Income	25,457	-	25,457
Net Assets Released from Restrictions	<u>8,606,144</u>	<u>(8,606,144)</u>	<u>-</u>
Total Revenue	16,734,973	1,244,404	17,979,377
Expenses			
Program	7,884,224	-	7,884,224
Administrative	1,964,267	-	1,964,267
Fundraising	<u>1,251,631</u>	<u>-</u>	<u>1,251,631</u>
Total Expenses	<u>11,100,122</u>	<u>-</u>	<u>11,100,122</u>
Change in Net Assets	5,634,851	1,244,404	6,879,255
Net Assets, Beginning of Year	<u>14,225,361</u>	<u>5,740,031</u>	<u>19,965,392</u>
Net Assets, End of Year	<u><u>\$ 19,860,212</u></u>	<u><u>\$ 6,984,435</u></u>	<u><u>\$ 26,844,647</u></u>

See accompanying Notes to Financial Statements.

THE CAMPAIGN LEGAL CENTER, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Voting Rights</u>	<u>Ethics</u>	<u>Redistricting</u>	<u>Campaign Finance</u>	<u>Communications</u>	<u>Other Programs</u>	<u>Total Program Services</u>	<u>Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Expenses										
Salaries and Benefits	\$ 1,398,418	\$ 429,566	\$ 1,030,371	\$ 1,815,140	\$ 728,127	\$ 520,157	\$ 5,921,779	\$ 1,306,980	\$ 884,625	\$ 8,113,384
Professional Fees	72,397	3,534	4,048	775	212,296	588	293,638	350,092	189,294	833,024
Litigation Expenses	49,906	658	188,335	3,394	307	953	243,553	-	-	243,553
Conferences and Meetings	-	1,200	-	3,350	-	-	4,550	1,797	2,836	9,183
Depreciation and Amortization	-	-	-	-	-	-	-	250,160	-	250,160
Insurance	-	-	-	-	-	-	-	107,914	-	107,914
Occupancy	-	-	13,897	-	-	-	13,897	586,953	-	600,850
Office Expense	2,872	268	5,149	4,661	41,404	732	55,086	45,182	16,738	117,006
Telecommunications	-	-	-	63	-	3,583	3,646	29,183	19	32,848
Travel	8,092	-	34,307	822	2,168	423	45,812	2,625	7,632	56,069
Miscellaneous	125	-	-	-	-	-	125	12,789	7,014	19,928
Grants to Other Organizations	221,900	-	-	-	-	-	221,900	-	-	221,900
Outreach	114,835	-	292	-	94,606	-	209,733	-	7,046	216,779
Research Services	33,382	13,326	65,888	45,113	32,325	4,387	194,421	48,120	34,983	277,524
Shared Cost Allocation	159,899	49,184	117,680	207,437	83,307	58,577	676,084	(777,528)	101,444	-
Total Expenses	<u>\$ 2,061,826</u>	<u>\$ 497,736</u>	<u>\$ 1,459,967</u>	<u>\$ 2,080,755</u>	<u>\$ 1,194,540</u>	<u>\$ 589,400</u>	<u>\$ 7,884,224</u>	<u>\$ 1,964,267</u>	<u>\$ 1,251,631</u>	<u>\$ 11,100,122</u>

See accompanying Notes to Financial Statements.

THE CAMPAIGN LEGAL CENTER, INC.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021

Cash Flows from Operating Activities	
Change in Net Assets	\$ 6,879,255
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities	
Depreciation and Amortization	250,160
<u>(Increase) Decrease in Assets</u>	
Pledges Receivable	(3,840,467)
Due from Campaign Legal Center Action	21,104
Prepaid Expenses	(14,761)
Other Current Assets	(625)
Security Deposit	878
<u>Decrease in Liabilities</u>	
Accounts Payable and Accrued Expenses	(20,622)
PPP Refundable Advance	(903,999)
Deferred Rent	<u>(151,733)</u>
Net Cash Provided by Operating Activities	2,219,190
Cash Flows from Investing Activities	
Purchase of Promissory Notes Receivable	(4,000,000)
Proceeds from Redemptions of Certificates of Deposit	237,455
Purchases of Property and Equipment	<u>(324,124)</u>
Net Cash Used in Investing Activities	<u>(4,086,669)</u>
Net Decrease in Cash and Cash Equivalents	(1,867,479)
Cash and Cash Equivalents, Beginning of Year	<u>14,347,286</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 12,479,807</u></u>

See accompanying Notes to Financial Statements.

THE CAMPAIGN LEGAL CENTER, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

CLC is supported primarily by contributions and grants.

The major programs of CLC are as follows:

Voting Rights: Voting should be accessible for all citizens, no matter where they live, the color of their skin or how much money they make. To make every vote count, we need a system that is free and fair to ensure that everyone's voice is heard, including those who have served their time and paid their debt to society. CLC believes that state and federal policies should uniformly protect the right to vote and promote voter participation across the United States. This CLC program, through litigation, policy analysis, state-based advocacy, and public education, seeks to protect the right to vote and expand access to the ballot.

Ethics: One of the hallmarks of a healthy democracy is public confidence in the integrity of democratic institutions. That public confidence is earned through the commitment of those in and working with government to uphold the principle that public service is a public trust. Federal, state, and local governments have a responsibility to enact and enforce clear ethical guidelines and laws. Only then, can public officials adequately navigate potential conflicts and be held accountable when they break the public's trust. This system is necessary to ensure a healthy democracy. This CLC program proposes solutions for stronger ethics at all levels of government, and serves as a government watchdog, holding elected officials accountable for ethics violations.

Redistricting: Democracy works best when our voting maps are fairly drawn on a nonpartisan basis to ensure that Americans can participate equally in the election of their representatives. Unfortunately, incumbents often rig the system to benefit themselves, their party, and special interest supporters, manipulating voting maps to dictate the outcome of elections. Two sources of discrimination in voting maps are partisan gerrymandering and electoral systems that under-represent people of color. The result is dysfunction, mistrust, and public policies that ignore the will of the people. This CLC program advances and supports legal cases that address redistricting violations, works on the front lines in the fight for fair redistricting practices in the states, and continues to promote voters' rights to fair districts nationwide.

Campaign Finance: The First Amendment guarantees every American the right to participate fully in the political process. The dependence of political candidates on wealthy special interests is a serious flaw in our political system and makes elected officials responsive to their large donors rather than to the public. The tremendous power of special interest money in politics often drowns out the voice of everyday Americans, threatens our First Amendment freedoms, and erodes the foundations of our entire democracy. To restore fairness to our political system, this CLC program advocates for passing and enforcing strong campaign finance reforms that help guarantee a democracy responsive to the people. These reform solutions include placing reasonable limits on funding of campaigns, complete transparency of campaign spending and public financing of elections. CLC helps enact such policies at the state, local, and federal levels, and works to ensure that the Federal Election Commission enforces current campaign finance laws. CLC also defends laws that promote the First Amendment's guarantee that every American has the ability to participate in the democratic process.

THE CAMPAIGN LEGAL CENTER, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

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

Communications: The Communications department leads the communication-centered tactics that the organization uses to achieve policy and litigation wins that advance democracy. This department works to boost awareness and provide education around priority issues as well as leading coalition messaging efforts. CLC's Communications department's overarching goals are to: advance CLC's programmatic goals using communications strategies, grow CLC's brand as a pro-voter, inclusive organization, and maintain CLC's reputation as nonpartisan.

Basis of Accounting

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

Cash and Cash Equivalents

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

Promissory Notes Receivable

CLC has promissory notes from CNote Group, Inc. (the Group), for funds CLC has committed to the Group. The Group invests the funds in certificates of deposit (CDs) or other bank deposit accounts on behalf of CLC. However, CLC does not have any direct ownership rights in and to the CDs or deposit accounts. The notes are interest bearing at a rate ranging from 0.1% - 0.4% per annum in 2021. Interest is accrued and paid on a monthly basis. The initial maturity of the note is three months and is automatically extended for additional three-month terms unless CLC submits a timely withdrawal request. At any time prior to the maturity date, provided that sufficient funds are available to the Group, CLC 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. CLC 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, 2021.

Property and Equipment

CLC capitalizes all property and equipment acquisitions greater than \$2,000. 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 CAMPAIGN LEGAL CENTER, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

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

Property and Equipment (Continued)

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

CLC 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

CLC 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 statement 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 CLC 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 statement 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 statement 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.

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.

THE CAMPAIGN LEGAL CENTER, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

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

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and the statement 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, occupancy, 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

CLC 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.

CLC 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. CLC does not believe its financial statements include, or reflect, any uncertain tax positions. CLC’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 CLC.

Upcoming Accounting Pronouncements

Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-02, *Leases* (Topic 842) supersedes the leasing guidance in (Topic 840), *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The new standard is effective for fiscal years beginning after December 15, 2021. Management is evaluating the impact of the pending adoption of the new standard on the financial statements.

2. LIQUIDITY AND AVAILABLE RESOURCES

CLC’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 CLC’s liquid asset needs and adjusts reserves as needed.

THE CAMPAIGN LEGAL CENTER, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

2. LIQUIDITY AND AVAILABLE RESOURCES (CONTINUED)

Management may use the Board Designated Reserve and MacArthur Reserve funds only with approval from CLC's Board of Trustees. CLC's President manages the Board Designated President's Emergent Threat Fund and may use funds without Board approval. The Board Designated Reserve and Board Designated President's Emergent Threat Fund are included in cash and cash equivalents on the statement of financial position. During 2021, all remaining funds within the MacArthur Reserve fund were appropriately utilized and the fund no longer exists as of December 31, 2021.

As of December 31, 2021, the following financial assets and liquidity sources were available for general operating expenditures in the year ending December 31, 2022:

<u>Financial Assets</u>	<u>Amount</u>
Cash and Cash Equivalents	\$ 12,479,807
Promissory Notes Receivable	9,000,000
Certificates of Deposit	235,536
Due from Campaign Legal Center Action	5,665
Pledges Receivable in Less Than One Year	<u>4,570,052</u>
Total Financial Assets Available within One Year	26,291,060
Less Donor Restricted for Purpose and Beyond One Year	(1,435,034)
Less Board Designated for Reserve Fund	(9,157,149)
Less Board Designated for President's Emergent Threat Fund	<u>(3,000,000)</u>
Financial Assets Available to Meet Cash Needs for General Expenditure within One Year	<u><u>\$ 12,698,877</u></u>

3. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of December 31, 2021:

<u>Description</u>	<u>Amount</u>
Computer Equipment	\$ 270,390
Furniture and Equipment	232,151
Website	403,598
Leasehold Improvements	<u>823,600</u>
Total	1,729,739
Less Accumulated Depreciation and Amortization	<u>(830,876)</u>
Property and Equipment, Net	<u><u>\$ 898,863</u></u>

4. PLEDGES RECEIVABLE

Pledges receivable consisted of the following as of December 31, 2021:

<u>Description</u>	<u>Amount</u>
Pledges Receivable Due in Less Than One Year	\$ 4,570,052
Pledges Receivable Due in One to Five Years	<u>700,000</u>
Total Pledges Receivable	<u><u>\$ 5,270,052</u></u>

THE CAMPAIGN LEGAL CENTER, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

5. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were available for the following purposes as of December 31, 2021:

<u>Description</u>	<u>Amount</u>
Campaign Finance	\$ 159,016
Voting Rights	662,351
Redistricting	149,520
Personnel	64,330
Subsequent Years' Activities	<u>5,949,218</u>
Donor Restricted Net Assets	<u>\$ 6,984,435</u>

Net assets with donor restrictions were released from donor restrictions during the year ended December 31, 2021, by satisfying restrictions as follows:

<u>Description</u>	<u>Amount</u>
Campaign Finance	\$ 13,665
Voting Rights	690,367
Redistricting	245,480
MacArthur Reserve Fund	56,212
Personnel	156,216
Subsequent Years' Activities	<u>7,444,204</u>
Net Assets Released from Restrictions	<u>\$ 8,606,144</u>

6. CONCENTRATIONS

As of December 31, 2021, approximately 86% of pledges receivable was due from two donors. For the year ended December 31, 2021, approximately 34% of contributions and grants revenue was received from one grantor.

CLC 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, CLC'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, CLC entered into a 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, CLC 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, 2021

7. 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>
2022	\$ 683,692
2023	578,489
2024	592,975
2025	607,782
2026	518,496
Total	<u>\$ 2,981,434</u>

8. RETIREMENT PLAN

CLC 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. Employees are eligible for 100% matching contributions of their elective deferrals up to 5% of compensation depending on years of service with CLC. There is no service requirement for elective deferrals and matching contributions. During the year ended December 31, 2021, CLC's contributions to the Plan were approximately \$232,500.

9. DONATED SERVICES

During the year ended December 31, 2021, CLC was the beneficiary of professional services that are included in contributions and grants in the statement of activities. CLC received donated professional services with a fair value of approximately \$53,100 during the year ended December 31, 2021, that are included in administrative expenses in the statement of functional expenses.

10. RELATED PARTY TRANSACTIONS

CLC 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 year ended December 31, 2021, Action incurred costs under the cost-sharing agreement of approximately \$50,300.

11. CONDITIONAL GRANT

During the year ended December 31, 2021, CLC received a grant, of which a portion is conditional. As of December 31, 2021, the conditional portion of the grant in the amount of \$1,000,000 will be recognized as grant revenue if CLC raises matching funds during the year ending December 31, 2022.

12. 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.

THE CAMPAIGN LEGAL CENTER, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

12. RESPONSE TO COVID-19 (CONTINUED)

During 2020, CLC 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. During the year ended December 31, 2021, CLC met the criteria for loan forgiveness and the loan proceeds are included in contributions and grants without donor restrictions on the statement of activities.

13. SUBSEQUENT EVENTS

Subsequent events were evaluated through May 19, 2022, which is the date the financial statements were available to be issued.