

League of Women Voters Education Fund and Affiliate

Consolidated Financial Report
June 30, 2022

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Independent Auditor's Report

Board of Trustees
League of Women Voters Education Fund

Opinion

We have audited the accompanying consolidated financial statements of League of Women Voter Education Fund and Affiliate (collectively, the Education Fund), which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Education Fund as of June 30, 2022 and 2021, and the changes in their net assets and their 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 (GAAS). 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 Education Fund 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 the Education Fund's ability to continue as a going concern within one year after the date that the financial statements are issued or 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 GAAS 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 GAAS, 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 Education Fund'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 Education Fund'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.

RSM US LLP

Washington, D.C.
June 20, 2023

League of Women Voters Education Fund and Affiliate

**Consolidated Statements of Financial Position
June 30, 2022 and 2021**

	2022	2021
Assets		
Cash and cash equivalents	\$ 4,638,370	\$ 4,387,749
Investments	6,533,570	7,032,633
Investments restricted for endowments	502,480	1,191,556
Receivables, net	931,414	242,101
Prepaid expense	35,807	61,691
Property and equipment, net	22,711	86,766
	<u>12,664,352</u>	<u>13,002,496</u>
Total assets	\$ 12,664,352	\$ 13,002,496
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expense	\$ 960,324	\$ 707,156
Amount due to LWVUS	485,966	630,189
Deferred revenue	94,400	103,062
Amounts held on behalf of state and local leagues	552,128	569,573
Deferred rent and loss on sublease	365,038	516,728
	<u>2,457,856</u>	<u>2,526,708</u>
Total liabilities	2,457,856	2,526,708
Commitments and contingencies (Note 13)		
Net assets:		
Without donor restrictions	8,298,440	8,408,727
With donor restrictions	1,908,056	2,067,061
	<u>10,206,496</u>	<u>10,475,788</u>
Total net assets	10,206,496	10,475,788
	<u>12,664,352</u>	<u>13,002,496</u>
Total liabilities and net assets	\$ 12,664,352	\$ 13,002,496

See notes to consolidated financial statements.

League of Women Voters Education Fund and Affiliate

**Consolidated Statements of Activities
Years Ended June 30, 2022 and 2021**

	2022	2021
Activities without donor restrictions:		
Revenue and support:		
Contributions of nonfinancial assets	\$ 6,244,215	\$ 821,895
Contributions	6,101,445	4,817,095
Publication sales and other income	263,089	205,425
Sublease income	165,266	125,336
Contributions in lieu of per-member payments	90,291	91,467
Interest and dividends, net of fees	39,421	145,950
Net assets released from restrictions	656,229	1,446,071
Total revenue and support	13,559,956	7,653,239
Expenses:		
Program services:		
Advocacy	6,215,216	480,060
Mission impact	2,858,004	3,159,698
Outcome and evaluation	1,212,422	693,063
Communications	766,452	787,480
Member services	467,115	256,191
Council and convention	1,617	2,625
Total program services	11,520,826	5,379,117
Supporting services:		
Fundraising	1,032,838	680,305
General and administrative	508,630	517,323
Total supporting services	1,541,468	1,197,628
Total expenses	13,062,294	6,576,745
Change in net assets without donor restrictions before other items	497,662	1,076,494
Net realized and unrealized (loss) gain on investments	(607,949)	851,597
Loss on sublease	-	(323,484)
Change in net assets without donor restrictions	(110,287)	1,604,607
Activities with donor restrictions:		
Contributions	1,124,372	611,417
Net investment (loss) return	(627,148)	437,380
Net assets released from restrictions	(656,229)	(1,446,071)
Change in net assets with donor restrictions	(159,005)	(397,274)
Change in net assets	(269,292)	1,207,333
Net assets:		
Beginning	10,475,788	9,268,455
Ending	\$ 10,206,496	\$ 10,475,788

See notes to consolidated financial statements.

League of Women Voters Education Fund and Affiliate

Consolidated Statement of Functional Expenses Year Ended June 30, 2022

	Program Services						Supporting Services			Total Expenses	
	Advocacy	Mission Impact	Outcome and Evaluation	Communications	Member Services	Council and Convention	Total Program Services	Fundraising	General and Administrative		Total Supporting Services
Contributions of nonfinancial assets	\$ 5,639,673	\$ 604,542	\$ -	\$ -	\$ -	\$ -	\$ 6,244,215	\$ -	\$ -	\$ -	\$ 6,244,215
Salaries and benefits	456,103	636,318	282,797	321,833	352,772	-	2,049,823	253,059	408,252	661,311	2,711,134
Contracted services	-	969,385	500	221,199	19,556	-	1,210,640	254,038	4,710	258,748	1,469,388
Grants	-	100,159	854,343	-	2,754	-	957,256	-	-	-	957,256
Postage and printing	-	186,221	-	131,625	-	-	317,846	291,078	-	291,078	608,924
Occupancy	56,954	79,426	35,320	40,161	44,046	-	255,907	31,615	43,209	74,824	330,731
Other expense	14,135	24,942	9,364	10,073	10,969	1,400	70,883	86,603	13,582	100,185	171,068
Software and licensing	14,036	101,599	8,704	9,897	10,855	-	145,091	7,791	10,648	18,439	163,530
Professional services	18,890	64,090	11,715	20,820	10,398	-	125,913	10,486	14,331	24,817	150,730
Depreciation and amortization	14,940	84,889	9,265	10,535	11,554	-	131,183	8,293	11,333	19,626	150,809
Direct marketing expense	-	3,332	-	-	4,211	-	7,543	89,851	-	89,851	97,394
Travel	485	3,101	414	309	-	217	4,526	24	2,565	2,589	7,115
	\$ 6,215,216	\$ 2,858,004	\$ 1,212,422	\$ 766,452	\$ 467,115	\$ 1,617	\$ 11,520,826	\$ 1,032,838	\$ 508,630	\$ 1,541,468	\$ 13,062,294

See notes to consolidated financial statements.

League of Women Voters Education Fund and Affiliate

**Consolidated Statement of Functional Expenses
Year Ended June 30, 2021**

	Program Services						Supporting Services				Total Expenses
	Advocacy	Mission Impact	Outcome and Evaluation	Communications	Member Services	Council and Convention	Total Program Services	Fundraising	General and Administrative	Total Supporting Services	
Salaries and benefits	\$ 360,900	\$ 743,880	\$ 113,087	\$ 296,477	\$ 190,805	\$ -	\$ 1,705,149	\$ 122,083	\$ 378,429	\$ 500,512	\$ 2,205,661
Contracted services	-	516,479	3,000	340,541	3,410	2,625	866,055	246,987	7,979	254,966	1,121,021
Contributions of nonfinancial assets	-	821,895	-	-	-	-	821,895	-	-	-	821,895
Postage and printing	-	546,135	-	49,752	-	-	595,887	110,023	-	110,023	705,910
Grants	-	114,400	538,530	-	500	-	653,430	-	-	-	653,430
Occupancy	55,899	115,217	17,516	45,920	29,553	-	264,105	18,909	58,614	77,523	341,628
Other expense	12,525	83,649	6,004	15,662	6,741	-	124,581	71,210	17,444	88,654	213,235
Travel	22,839	88,576	7,157	18,762	12,075	-	149,409	7,726	23,970	31,696	181,105
Professional services	27,897	66,801	7,769	20,366	13,107	-	135,940	8,387	29,481	37,868	173,808
Depreciation and amortization	-	62,514	-	-	-	-	62,514	-	-	-	62,514
Direct marketing expense	-	-	-	-	-	-	-	94,980	-	94,980	94,980
Software and licensing	-	-	-	-	-	-	-	-	1,356	1,356	1,356
Conference and meetings	-	152	-	-	-	-	152	-	50	50	202
	<u>\$ 480,060</u>	<u>\$ 3,159,698</u>	<u>\$ 693,063</u>	<u>\$ 787,480</u>	<u>\$ 256,191</u>	<u>\$ 2,625</u>	<u>\$ 5,379,117</u>	<u>\$ 680,305</u>	<u>\$ 517,323</u>	<u>\$ 1,197,628</u>	<u>\$ 6,576,745</u>

See notes to consolidated financial statements.

League of Women Voters Education Fund and Affiliate

Consolidated Statements of Cash Flows
Years Ended June 30, 2022 and 2021

	2022	2021
Cash flows from operating activities:		
Change in net assets	\$ (269,292)	\$ 1,207,333
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net realized and unrealized loss (gain) on investments	1,278,583	(1,246,698)
Change in discount to net present value	20,683	(824)
Depreciation and amortization	150,809	62,514
Deferred rent	(151,690)	(14,878)
Loss on sublease	-	323,484
Changes in assets and liabilities:		
(Increase) decrease in:		
Receivables	(709,996)	184,091
Prepaid expense	25,884	(45,024)
Increase (decrease) in:		
Accounts payable and accrued expense	253,168	454,210
Amount due to LWVUS	(144,223)	591,128
Deferred revenue	(8,662)	16,385
Amounts held on behalf of state and local Leagues	(17,445)	19,230
Net cash provided by operating activities	427,819	1,550,951
Cash flows from investing activities:		
Proceeds from sales of investments	1,814,290	3,799,936
Purchases of investments	(1,904,734)	(3,915,230)
Purchases of property and equipment	(86,754)	-
Net cash used in investing activities	(177,198)	(115,294)
Net increase in cash and cash equivalents	250,621	1,435,657
Cash and cash equivalents:		
Beginning	4,387,749	2,952,092
Ending	\$ 4,638,370	\$ 4,387,749
Supplemental disclosure of cash flow information:		
Donated investments liquidated to cash	\$ 43,629	\$ 112,338

See notes to consolidated financial statements.

League of Women Voters Education Fund and Affiliate

Notes to Consolidated Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies

Nature of activities: League of Women Voters Education Fund (the Education Fund) was established in 1957 by League of Women Voters of the United States (LWVUS) as a charitable trust dedicated to strengthening citizen knowledge of, and involvement in, government. The Education Fund works to register voters, provide voters with election information through voter guides as well as candidate forums and debates.

The Education Fund is the sole member of e.thePeople, LLC (the LLC), which was formed in April 2017, in accordance with the laws of the state of Delaware. The LLC owns the software related to the online interactive voter guide.

At its meeting in January 2021, the Education Fund's Board of Trustees approved a motion to dissolve the LLC. Therefore, on December 27, 2021, the LLC was legally dissolved in accordance with the laws of the state of Delaware.

Program services include the following activities:

Advocacy: The advocacy function includes lobbying and other activities to promote political responsibility through informed and active participation of citizens in government, and to promote action on selected issues.

Mission impact: The mission impact function includes activities that are devoted to informing the public about voter registration and the importance of voting and providing candidate information.

Outcome and evaluation: The outcome and evaluation function includes collecting and analyzing data to measure the Education Fund's impact, and ensure refinement of programs to improve that impact.

Communications: The communications function includes activities to maintain the Education Fund's website, prepare and disseminate materials and publications which promote political awareness and responsibility, and which address selected issues.

Member services: The member services function includes activities to assist state and local Leagues with various programs.

Council and convention: The council and convention function includes activities related to meetings and other events, such as the biennial council meeting.

Supporting services include the following activities:

Fundraising: The fundraising function includes activities that encourage and secure financial support for the Education Fund.

General and administrative: The general and administrative function includes activities necessary for the administrative processes of the Education Fund, such as managing its operating, governance and financial responsibilities.

A summary of the Education Fund's significant accounting policies is as follows:

Principles of consolidation: The consolidated financial statements include the accounts of the Education Fund and the LLC. Significant inter-entity accounts and transactions have been eliminated in consolidation. For purposes of this report, the entities are collectively referred to as the Education Fund.

League of Women Voters Education Fund and Affiliate

Notes to Consolidated Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Basis of presentation: The Education Fund follows the accounting requirements of the Not-for-Profit Entities topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). Under the FASB ASC, the Education Fund is required to report information regarding its net assets and its activities according to two categories: (1) net assets without donor restrictions and (2) net assets with donor restrictions.

Without donor restrictions: Net assets without donor restrictions include those net assets whose use is not restricted by donors, even though their use may be limited in other respects, such as by board designation. However, the Education Fund has no board-designated net assets.

With donor restrictions: Net assets with donor restrictions include those net assets whose use is subject to donor-imposed restrictions. Donor restrictions may be for a specified time or purpose limitation, or the donor may specify that the corpus of their original and certain subsequent gifts be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Use of estimates: The preparation of the consolidated financial statements in conformity with generally accepted accounting principles in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Income taxes: The Education Fund is exempt from the payment of income taxes on its exempt activities under Section 501(c)(3) of the Internal Revenue Code. As a single-member limited liability company, the LLC is treated as a disregarded entity for income tax purposes and, as such, its financial activity is reported in conjunction with the federal income tax filings of the Education Fund.

Cash and cash equivalents: For consolidated financial statement purposes, the Education Fund considers demand deposits, including excess cash invested in overnight repurchase agreements and money market funds not held in the investment portfolio, to be cash and cash equivalents.

Investments: Investments with readily determinable fair values are reflected at fair value. To adjust the carrying value of these investments, the change in fair value is charged or credited to net realized and unrealized (loss) gain on investments.

Financial risk: The Education Fund maintains demand deposits with commercial banks and money market funds with financial institutions. At times, certain balances held within these accounts may not be fully guaranteed or insured by the U.S. federal government. The uninsured portions of cash and money market accounts are backed solely by the assets of the underlying institution. Therefore, the failure of an underlying institution could result in financial loss to the Education Fund. However, the Education Fund has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk on its cash and cash equivalents.

The Education Fund invests in a professionally managed portfolio of marketable debt and equity securities. Such investments are exposed to market and credit risks and may be subject to fluctuations in fair value. As a result, the investment balances reported in the accompanying consolidated financial statements may not be reflective of the portfolio's value during subsequent periods.

League of Women Voters Education Fund and Affiliate

Notes to Consolidated Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Receivables: Receivables include contributions receivable (unconditional promises to give), which are expected to be collected over multiple years. Promises to give due in one year or less are recorded at net realizable value. Promises to give due in more than one year are recorded at the net present value of estimated future cash flows using a discount rate 2.35% at June 30, 2022 and 2021.

Receivables are presented at the gross, or face, amount due to the Education Fund, less a discount to net present value and less an allowance for doubtful accounts. Management periodically reviews the status of all accounts receivable balances for collectability. Each receivable balance is assessed based on management's knowledge of and relationship with the customer or donor and the age of the receivable balance. As a result of these reviews, receivable balances for which collection is deemed doubtful are charged to bad debt expense and an allowance is recorded. There was no bad debt expense for the years ended June 30, 2022 and 2021.

Property and equipment: Acquisitions of property and equipment greater than \$2,500 are recorded at cost and depreciated or amortized using the straight-line method over the following useful lives: furniture and equipment—three to five years.

Valuation of long-lived assets: Long-lived property, such as leasehold improvements, that suffers a permanent impairment will be written down to fair value, and an impairment loss equal to the difference between the property's carrying amount and fair value would be included as a reduction in the change in net assets without donor restrictions.

Deferred revenue: Deferred revenue consists of licensing fees related to the online interactive voter guide. The Education Fund and the LLC signed a licensure agreement which licenses the online interactive voter guide to the Education Fund for use by the local Leagues. The licensing fees are received in advance of the period in which they are earned and the revenue is recognized ratably over the period of service in accordance with the underlying agreements. The licensing fees have been included in publication sales and other income on the consolidated statements of activities.

Amounts held on behalf of state and local Leagues: The Education Fund receives and disburses cash on behalf of its affiliated state and local Leagues, which are noncontrolled stand-alone entities that have been granted affiliation status. Therefore, amounts held on behalf of state and local Leagues represent the aggregate liability, which is equal to the cash held on behalf of state and local Leagues.

Deferred rent and loss on sublease: The Education Fund recognizes the minimum rents required under a lease as rent expense on a straight-line basis over the term of the lease. Differences between amounts recorded as expense and amounts actually paid are reported as deferred rent in the consolidated financial statements. Deferred rent also includes the unamortized balance of the landlord provided tenant improvement allowance. The Education Fund has also recorded a loss on sublease equal to the difference between the payments due under the old office lease, less the payments expected to be received under the sublease.

Revenue and support: Revenue includes publication sales and other income because this is the line item that includes performance obligations under contracts with customers. Support includes contributions, in-kind contributions and contributions in lieu of per-member payments.

League of Women Voters Education Fund and Affiliate

Notes to Consolidated Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Revenue from contracts with customers includes performance obligations that are satisfied either at a point in time or over time, and most contracts have initial terms of one year or less. The Education Fund performs an evaluation at contract inception focused on whether a performance obligation is satisfied over time or at a point in time. If a performance obligation meets certain specific criteria, the related revenue is recognized over time if the Education Fund is able to reasonably measure its progress toward complete satisfaction of the performance obligation using reliable information. Output methods and input methods are used to measure progress for goods and services for which control has been transferred to the customer. If the certain criteria are met, revenue is recognized at a point in time.

Prices are specific to a distinct performance obligation and contracts with customers do not have multiple performance obligations. Economic factors driven by consumer confidence, employment, inflation and other world events impact the timing and level of revenue recognized in the consolidated financial statements. Periods of economic downturn resulting from any of the above factors may result in declines in future cash flows and recognized revenue of the Education Fund or can have a positive impact on cash flows in favorable economic conditions.

Contributions: Contributions include bequests, grants and amounts received from members. Unconditional contributions are recognized when donors make promises to give or when gifts of cash or other assets are received that lack barriers and rights of return. Unconditional contributions are classified within activities without donor restrictions or within activities with donor restrictions, depending upon the existence and/or nature of any donor restrictions. Net assets with donor restrictions are reclassified to net assets without donor restrictions when either the purpose restriction is satisfied, or the time restriction expires. Unconditional contributions with donor restrictions that is both received and released in the same period is classified as without donor restrictions in the consolidated statements of activities.

Contributions of nonfinancial assets: Contributed goods and services, such as donated advertising and legal support, was recognized at the estimated fair value provided by the donor. The contributions received are not monetized.

Publication sales and other income: Publications and other income include license fees for the online voter guide and sales of publications. The revenue for licensing fees related to the online voter guide are recognized ratably over the period of service in accordance with the underlying agreements.

Allocation of net investment (loss) return: Net assets include various funds, several of which include an allocation of net investment (loss) return. The beginning of year net asset balance of each of the funds is the basis upon which the net investment (loss) return is allocated among the various funds.

Functional allocation of expenses: The costs of providing the various program and supporting activities have been summarized on a functional basis in the accompanying consolidated financial statements. Costs related to a specific functional activity are charged directly to that activity. However, other indirect costs are allocated among the program and supporting services benefited based on management's best estimates of employee time and effort. In particular, salaries and benefits, along with other shared costs, such as occupancy and software and licensing, are allocated based on the proportional share of the salaries of each program or supporting function which benefited from the shared costs.

League of Women Voters Education Fund and Affiliate

Notes to Consolidated Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Recent accounting pronouncements adopted: FASB Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, is intended to increase transparency of contributed nonfinancial assets for nonprofit entities through enhancements in presentation and disclosure requirements. Nonprofit entities will now be required to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial contributions. Nonprofit entities will also be required to disclose various information related to contributed nonfinancial assets. The Education Fund adopted this pronouncement during the year ended June 30, 2022. The adoption resulted in expanded disclosures on the Education Fund's consolidated financial statements, as disclosed in Note 10.

Upcoming accounting pronouncement: FASB 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 Education Fund anticipates adopting the new standard as of July 1, 2022 (for the year ending June 30, 2023), and is currently evaluating the impact of the adoption of the new standard on the consolidated financial statements.

Subsequent events: The Education has evaluated subsequent events through June 20, 2023, the date on which the consolidated financial statements were available to be issued.

Note 2. Investments

Investments consisted of the following at June 30, 2022 and 2021:

	2022	2021
Investments at fair value:		
Mutual funds—equities:		
U.S. large cap	\$ 652,245	\$ 2,112,338
U.S. small/mid cap	688,182	844,183
Developed non-U.S.	1,345,948	1,416,019
Emerging markets	528,126	367,368
Real estate	332,560	13,598
Mutual funds—fixed income:		
Bonds	1,034,533	2,339,873
Exchange-traded	2,211,726	470,818
Money market funds	26,815	264,056
Certificates of deposit	-	300,000
Subtotal investments at fair value	6,820,135	8,128,253
Cash and cash equivalents at cost	215,915	95,936
	<u>\$ 7,036,050</u>	<u>\$ 8,224,189</u>

League of Women Voters Education Fund and Affiliate

Notes to Consolidated Financial Statements

Note 2. Investments (Continued)

Investments noted above are recorded as follows on the consolidated statements of financial position at June 30, 2022 and 2021:

	2022	2021
Investments	\$ 6,533,570	\$ 7,032,633
Investments restricted for endowments	502,480	1,191,556
	<u>\$ 7,036,050</u>	<u>\$ 8,224,189</u>

Net investment return (loss) consisted of the following for the years ended June 30, 2022 and 2021:

	2022	2021
Without donor restrictions:		
Interest and dividends	\$ 62,568	\$ 180,380
Investment management fees	(23,147)	(34,430)
Net realized and unrealized (loss) gain on investments	(607,949)	851,597
Subtotal without donor restrictions	(568,528)	997,547
With donor restrictions:		
Interest and dividends	69,020	57,374
Investment management fees	(25,534)	(15,095)
Net realized and unrealized (loss) gain on investments	(670,634)	395,101
Subtotal with donor restrictions	(627,148)	437,380
	<u>\$ (1,195,676)</u>	<u>\$ 1,434,927</u>

Note 3. Receivables

Receivables consisted of the following at June 30, 2022 and 2021:

	2022	2021
Contributions receivable	\$ 843,842	\$ 173,788
Sublease income	55,184	40,897
Publications and other income	64,655	39,000
	<u>963,681</u>	<u>253,685</u>
Less discount to net present value	(32,267)	(11,584)
	<u>\$ 931,414</u>	<u>\$ 242,101</u>

League of Women Voters Education Fund and Affiliate

Notes to Consolidated Financial Statements

Note 3. Receivables (Continued)

Contributions receivable (unconditional promises to give), included in receivables, are expected to be collected as follows at June 30, 2022 and 2021:

	2022	2021
Amounts due in less than one year	\$ 760,000	\$ 100,000
Amounts due in one to five years	83,842	73,788
	<u>843,842</u>	<u>173,788</u>
Less discount to net present value	(32,267)	(11,584)
	<u>\$ 811,575</u>	<u>\$ 162,204</u>

Note 4. Fair Value Measurements

In accordance with U.S. GAAP, the Education Fund uses the following prioritized input levels to measure fair value. The input levels used for valuing investments are not necessarily an indication of risk.

Level 1: Observable inputs that reflect quoted prices for identical assets or liabilities in active markets, such as stock quotes.

Level 2: Includes inputs other than Level 1 inputs that are directly or indirectly observable in the marketplace, such as yield curves or other market data.

Level 3: Unobservable inputs which reflect the reporting entity's assessment of the assumptions that market participants would use in pricing the asset or liability including assumptions about risk, such as bid/ask spreads and liquidity discounts.

The fair values of mutual funds, exchange-traded funds (ETFs) and money market funds were determined using Level 1 inputs, which were based on quoted prices for identical assets in active markets. The fair values of certificates of deposit were determined using Level 2 inputs, which were valued by the financial institution based on interest rates and maturities. Management believes the fair values of investments to be a reasonable approximation of their exit price.

Cash and cash equivalents held are recorded at cost.

League of Women Voters Education Fund and Affiliate

Notes to Consolidated Financial Statements

Note 4. Fair Value Measurements (Continued)

The following assets were measured at fair value on a recurring basis using the following input levels at June 30, 2022:

	Level 1	Level 2	Level 3	Total
Investments at fair value:				
Mutual funds—equities:				
U.S. large cap	\$ 652,245	\$ -	\$ -	\$ 652,245
U.S. small/mid cap	688,182	-	-	688,182
Developed non-U.S.	1,345,948	-	-	1,345,948
Emerging markets	528,126	-	-	528,126
Real estate	332,560	-	-	332,560
Mutual funds—fixed income:				
Bonds	1,034,533	-	-	1,034,533
Exchange-traded	2,211,726	-	-	2,211,726
Money market funds	26,815	-	-	26,815
Subtotal investments at fair value	<u>\$ 6,820,135</u>	<u>\$ -</u>	<u>\$ -</u>	<u>6,820,135</u>
Cash and cash equivalents at cost				215,915
Total investments				<u>7,036,050</u>
Cash equivalents at fair value:				
Money market funds				731,569
				<u>\$ 7,767,619</u>

The following assets were measured at fair value on a recurring basis using the following input levels at June 30, 2021:

	Level 1	Level 2	Level 3	Total
Investments at fair value:				
Mutual funds—equities:				
U.S. large cap	\$ 2,112,338	\$ -	\$ -	\$ 2,112,338
U.S. small/mid cap	844,183	-	-	844,183
Developed non-U.S.	1,416,019	-	-	1,416,019
Emerging markets	367,368	-	-	367,368
Real estate	13,598	-	-	13,598
Mutual funds—fixed income:				
Bonds	2,339,873	-	-	2,339,873
Exchange-traded	470,818	-	-	470,818
Money market funds	264,056	-	-	264,056
Certificates of deposit	-	300,000	-	300,000
Subtotal investments at fair value	<u>\$ 7,828,253</u>	<u>\$ 300,000</u>	<u>\$ -</u>	<u>8,128,253</u>
Cash and cash equivalents at cost				95,936
				<u>8,224,189</u>
Cash equivalents at fair value:				
Money market funds				686,438
				<u>\$ 8,910,627</u>

League of Women Voters Education Fund and Affiliate

Notes to Consolidated Financial Statements

Note 5. Liquidity and Availability of Resources

The Education Fund receives contributions with donor restrictions to be used in accordance with the associated purpose restrictions. Contributions may include gifts to establish endowments that will exist in perpetuity; the income generated from such endowments is used to fund programs or to be used to support operations. In addition, the Education Fund receives contributions without donor restrictions; such support has historically represented approximately 70% of annual operations, with the remainder funded by other revenue streams, including investment income without donor restrictions and appropriated earnings from investment income with donor restrictions (i.e., endowment funds).

The Education Fund considers investment income without donor restrictions, appropriated earnings from donor-restricted endowments, contributions without donor restrictions and contributions with donor restrictions for use in programs that are ongoing, major and central to its annual operations as available to meet cash needs for general expenditures. General expenditures include general and administrative expense, fund raising expense and grant commitments expected to be paid in the subsequent year. Annual operations are defined as total expense related to both program services and supporting services activities.

The Education Fund manages its cash available to meet general expenditures through the following three guiding principles:

- Operating within a prudent range of financial soundness and stability.
- Maintaining adequate liquid assets.
- Maintaining sufficient reserves to provide reasonable assurance that long term agreements or other commitments and obligations under endowments with donor restrictions will continue to be met, thereby ensuring the sustainability of the Education Fund.

The Education Fund operates on a biennial budget cycle, and the most recent biennial budget for the year ended June 30, 2021, through year ending 2022, was approved on June 27, 2020, at the 54th National Convention. The Board of Trustees meets several times each year to review the consolidated financial statements and to approve unbudgeted expenses.

Financial assets available for general expenditures within one year consisted of the following as of June 30, 2022 and 2021:

	2022	2021
Cash and cash equivalents	\$ 4,638,370	\$ 4,387,749
Investments	6,533,570	8,224,189
Receivables, net	931,414	242,101
Subtotal financial assets	12,103,354	12,854,039
Amounts not available for general expenditures within one year:		
Amounts held on behalf of state and local Leagues	(552,128)	(569,573)
Net assets with donor restrictions	(1,908,056)	(2,067,061)
	<u>\$ 9,643,170</u>	<u>\$ 10,217,405</u>

League of Women Voters Education Fund and Affiliate

Notes to Consolidated Financial Statements

Note 6. Property and Equipment

Property and equipment consisted of the following at June 30, 2022 and 2021:

	2022	2021
Furniture and equipment	\$ 362,074	\$ 341,074
Less accumulated depreciation and amortization	(339,363)	(254,308)
	<u>\$ 22,711</u>	<u>\$ 86,766</u>

Note 7. Related-Party Transactions

League of Women Voters of the United States (LWVUS) was originally formed in 1920, and then incorporated in 1923 in accordance with the laws of the District of Columbia. LWVUS encourages informed and active participation in government, works to increase understanding of major public policy issues and influences public policy through education and advocacy. LWVUS and the Education Fund share certain costs, such as personnel and office space. The Education Fund has recorded an amount due to LWVUS totaling \$485,966 and \$630,189 at June 30, 2022 and 2021, respectively, which represent the net effect of inter-entity transactions.

Note 8. Net Assets With Donor Restrictions

Net assets with donor restrictions consisted of the following at June 30, 2022 and 2021:

	2022	2021
Women power democracy	\$ 678,050	\$ 500,000
Endowment funds	502,480	1,191,556
Time restriction	451,575	62,204
Leadership fund	192,177	147,873
Interns	59,108	59,108
DC Voting Rights	15,566	12,220
100th anniversary	9,100	9,100
Redistricting	-	85,000
	<u>\$ 1,908,056</u>	<u>\$ 2,067,061</u>

League of Women Voters Education Fund and Affiliate

Notes to Consolidated Financial Statements

Note 8. Net Assets With Donor Restrictions (Continued)

Net assets released from restrictions consisted of the following for the years ended June 30, 2022 and 2021:

	2022	2021
Women power democracy	\$ 521,950	\$ -
Redistricting	85,000	300,000
DC Voting Rights	31,654	24,658
Endowment funds	17,625	-
Time restriction	-	711,799
Election work	-	180,000
Women power the vote	-	172,054
Vote 411	-	31,733
State infrastructure	-	13,697
Interns	-	5,984
Alamo	-	5,237
Leadership fund	-	909
	<u>\$ 656,229</u>	<u>\$ 1,446,071</u>

Note 9. Endowments

Endowments consist of traditional donor-restricted endowment funds, which have been appropriately classified within net assets in accordance with each gift instrument. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of relevant law: The Education Fund has interpreted the District of Columbia's Uniform Prudent Management of Institutional Funds Act of 2007 (UPMIFA) as requiring the preservation of the real (inflation-adjusted) purchasing power of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Education Fund classifies as net assets with donor restrictions: (1) the original value of gifts donated to the endowment, (2) the original value of subsequent gifts to the endowment, (3) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument and (4) endowment investment return in excess of the endowment payout. Endowment funds are appropriated for expenditure by the Education Fund in a manner consistent with the standard of prudence prescribed by UPMIFA.

Return objectives and risk parameters: The Education Fund's board of trustees has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment, while seeking to maintain the purchasing power of the endowment assets. Under these policies, as approved by the board of trustees, endowment assets are invested in a manner that is intended to produce returns higher than specified market indices, while assuming a moderate level of risk. The Education Fund expects its endowment funds to exceed the average annual return of the specified market indices on a risk-adjusted basis over a three-year rolling time period and a full market cycle.

Strategies employed for achieving objectives: To satisfy its long-term rate-of-return objectives, the Education Fund relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Education Fund targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

League of Women Voters Education Fund and Affiliate

Notes to Consolidated Financial Statements

Note 8. Endowments (Continued)

Spending policy and how the investment objectives relate to spending policy: The Education Fund has a policy that allows an annual appropriation of no more than 10% and no less than 5% of the average fair value of the endowment fund from the trailing three years. Annual earnings from the endowment fund in excess of 10% will be reinvested to allow for the fund's growth. In establishing this policy, the Education Fund considered the long-term expected return on the endowments. This is consistent with the Education Fund's objective to maintain the purchasing power of the endowment funds, as well as to provide additional real growth through new gifts and investment return. An appropriation of \$61,928 and \$35,079 from the endowment funds was transferred to the leadership fund during the years ended June 30, 2022 and 2021, respectively.

Fund deficiencies: From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the principal amount that the donor originally contributed in order to establish the endowment. Deficiencies typically result from unfavorable market fluctuations or continued appropriation. The endowment funds had a deficiency of \$204,874 at June 30, 2022. There were no such deficiencies at June 30, 2021.

Endowments consisted of the following at June 30, 2022:

	Available to Spend	Held in Perpetuity	Total
Ruth S. Shur Leadership Institute fund	\$ -	\$ 326,555	\$ 326,555
Nikki Harris Online Training fund	-	68,571	68,571
General Endowment fund	38,279	69,075	107,354
	<u>\$ 38,279</u>	<u>\$ 464,201</u>	<u>\$ 502,480</u>

Endowments consisted of the following at June 30, 2021:

	Available to Spend	Held in Perpetuity	Total
Ruth S. Shur Leadership Institute fund	\$ 366,013	\$ 500,000	\$ 866,013
Nikki Harris Online Training fund	118,189	100,000	218,189
General Endowment fund	38,279	69,075	107,354
	<u>\$ 522,481</u>	<u>\$ 669,075</u>	<u>\$ 1,191,556</u>

Changes in endowments consisted of the following for the year ended June 30, 2022:

	Available to Spend	Held in Perpetuity	Total
Endowments, July 1, 2021	\$ 522,481	\$ 669,075	\$ 1,191,556
Net investment losses	(422,274)	(204,874)	(627,148)
Appropriations	(61,928)	-	(61,928)
Endowments, June 30, 2022	<u>\$ 38,279</u>	<u>\$ 464,201</u>	<u>\$ 502,480</u>

League of Women Voters Education Fund and Affiliate

Notes to Consolidated Financial Statements

Note 8. Endowments (Continued)

Changes in endowments consisted of the following for the year ended June 30, 2021:

	Available to Spend	Held in Perpetuity	Total
Endowments, July 1, 2020	\$ 120,180	\$ 669,075	\$ 789,255
Net investment return	437,380	-	437,380
Appropriations	(35,079)	-	(35,079)
Endowments, June 30, 2021	<u>\$ 522,481</u>	<u>\$ 669,075</u>	<u>\$ 1,191,556</u>

Note 10. Contributions of Nonfinancial Assets

Contributions of nonfinancial assets include donated advertising and donated legal services which are recognized as contributions of nonfinancial assets and the related expense. Donated advertising services have been included within the mission impact program and were recognized in the consolidated financial statements at the estimated fair value provided by the donor which is the price that would otherwise be purchased.

Donated legal services have been included within the advocacy program and were recognized in accordance with U.S. GAAP. In order to meet the criteria for recognition in the consolidated financial statements, contributions of nonfinancial assets must: (a) create or enhance nonfinancial assets or (b) require specialized skills, be performed by people with those skills and would otherwise be purchased. The legal services are valued at the hourly rate of the legal professionals providing the service.

Contributions of nonfinancial assets recognized during the years ended June 30, 2022 and 2021, consisted of the following:

	2022	2021
Legal services	\$ 5,639,673	\$ -
Advertising	604,542	821,895
	<u>\$ 6,244,215</u>	<u>\$ 821,895</u>

Note 11. Retirement Plan

The Education Fund has a 401(k) plan for all eligible employees as stipulated by the plan document. The Education Fund provided discretionary contributions to the participants in the 401(k) plan, which totaled \$134,345 and \$98,456 for the years ended June 30, 2022 and 2021, respectively.

Note 12. Allocation of Joint Costs

The Education Fund conducts direct mail campaigns that have both a program services component and a fundraising component. As a result, the Education Fund incurred joint costs totaling \$422,703 and \$159,774 during the years ended June 30, 2022 and 2021, respectively.

League of Women Voters Education Fund and Affiliate

Notes to Consolidated Financial Statements

Note 12. Allocation of Joint Costs (Continued)

Joint costs have been allocated between program services and fund raising as follows for the years ended June 30, 2022 and 2021:

	2022	2021
Communications	\$ 131,625	\$ 49,752
Fundraising	291,078	110,022
	<u>\$ 422,703</u>	<u>\$ 159,774</u>

Note 13. Commitments and Contingencies

Operating leases: LWVUS and the Education Fund are both named as lessees in the operating lease for the old office space at 1730 M Street, which expires September 2024. LWVUS and the Education Fund are jointly and severally liable under the terms of this office lease. The lease contains an escalation clause that adjusts annual base rentals. The lease also contains an escalation for real estate taxes and operating expenses, which are not included in base rentals. In addition, the landlord provided a build-out allowance as an incentive to lease the office space.

U.S. GAAP requires that the cost of the tenant improvements paid with the tenant improvement allowance be capitalized and depreciated or amortized as property and equipment. U.S. GAAP also requires that the tenant improvement allowance, along with the scheduled rent increases resulting from the escalation of base rentals, be recorded as a liability and amortized ratably so as to record rent expense on a straight-line basis over the term of the office lease. Therefore, the liability for deferred rent, including the unamortized lease incentive, totaled \$141,088 and \$193,244 at June 30, 2022 and 2021, respectively.

During August 2020, LWVUS and the Education Fund both signed an operating sublease related to the office space at 1730 M Street. The sublease term commenced on November 1, 2020, and terminates September 30, 2024. The future expected rental receipts under the sublease will be less than the future rental payments due to the landlord under the old office lease. Thus, LWVUS and the Education Fund have both recorded a liability for the loss on the sublease which is equal to the difference between the base rent due and the rental income expected. The Education Fund's portion of the liability for the loss on sublease has been included in deferred rent and loss on sublease in the accompanying consolidated statements of financial position, and totaled \$223,950 and \$323,484 at June 30, 2022 and 2021, respectively.

Rent expense totaled \$141,094 and \$262,300 for the years ended June 30, 2022 and 2021, respectively. Sublease income totaled \$165,266 and \$125,336 for the years ended June 30, 2022 and 2021, respectively.

The net future minimum rental payments and sublease receipts are as follows:

	Rental Payments	Sublease Receipts	Net Amounts
Years ending June 30:			
2023	\$ 282,562	\$ (187,552)	\$ 95,010
2024	289,626	(195,042)	94,584
2025	72,851	(49,555)	23,296
	<u>\$ 645,039</u>	<u>\$ (432,149)</u>	<u>\$ 212,890</u>



RSM US LLP

Independent Auditor's Report on the Supplementary Information

Board of Trustees
League of Women Voters Education Fund

We have audited the consolidated financial statements of League of Women Voters Education Fund and Affiliate (the Education Fund) as of and for the years ended June 30, 2022 and 2021, and have issued our report thereon, which contains an unmodified opinion on those consolidated financial statements. See pages 1 and 2. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information is presented for purposes of additional analysis rather than to present the financial position, changes in net assets and cash flows of the individual entities, and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements, or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

RSM US LLP

Washington, D.C.
June 20, 2023

League of Women Voters Education Fund and Affiliate

**Consolidating Statement of Financial Position
June 30, 2022**

	Education Fund	LLC	Eliminations	Total
Assets				
Cash and cash equivalents	\$ 4,638,370	\$ -	\$ -	\$ 4,638,370
Investments	6,533,570	-	-	6,533,570
Investments restricted for endowments	502,480	-	-	502,480
Receivables, net	931,414	-	-	931,414
Prepaid expense	35,807	-	-	35,807
Property and equipment, net	22,711	-	-	22,711
Total assets	\$ 12,664,352	\$ -	\$ -	\$ 12,664,352
Liabilities and Net Assets				
Liabilities:				
Accounts payable and accrued expense	\$ 960,324	\$ -	\$ -	\$ 960,324
Amount due to LWVUS	485,966	-	-	485,966
Deferred revenue	94,400	-	-	94,400
Amounts held on behalf of state and local leagues	552,128	-	-	552,128
Deferred rent and loss on sublease	365,038	-	-	365,038
Total liabilities	2,457,856	-	-	2,457,856
Net assets:				
Without donor restrictions	8,298,440	-	-	8,298,440
With donor restrictions	1,908,056	-	-	1,908,056
Total net assets	10,206,496	-	-	10,206,496
Total liabilities and net assets	\$ 12,664,352	\$ -	\$ -	\$ 12,664,352

League of Women Voters Education Fund and Affiliate

Consolidating Statement of Activities Year Ended June 30, 2022

	Education Fund	LLC	Eliminations	Total
Activities without donor restrictions:				
Revenue and support:				
Contributions of nonfinancial assets	\$ 6,244,215	\$ -	\$ -	\$ 6,244,215
Contributions	6,101,445	-	-	6,101,445
Publication sales and other income	224,943	87,132	(48,986)	263,089
Sublease income	165,266	-	-	165,266
Contributions in lieu of per-member payments	90,291	-	-	90,291
Interest and dividends, net of fees	39,421	-	-	39,421
Net assets released from restrictions	656,229	-	-	656,229
Total revenue and support	13,521,810	87,132	(48,986)	13,559,956
Expenses:				
Program services:				
Advocacy	6,215,216	-	-	6,215,216
Mission impact	2,889,538	17,452	(48,986)	2,858,004
Outcome and evaluation	1,212,422	-	-	1,212,422
Communications	766,452	-	-	766,452
Member services	467,115	-	-	467,115
Council and convention	1,617	-	-	1,617
Total program services	11,552,360	17,452	(48,986)	11,520,826
Supporting services:				
Fundraising	1,032,838	-	-	1,032,838
General and administrative	508,630	-	-	508,630
Total supporting services	1,541,468	-	-	1,541,468
Total expenses	13,093,828	17,452	(48,986)	13,062,294
Change in net assets without donor restrictions before other items	427,982	69,680	-	497,662
Net realized and unrealized loss on investments	(607,949)	-	-	(607,949)
Change in net assets without donor restrictions	(179,967)	69,680	-	(110,287)
Activities with donor restrictions:				
Contributions	1,124,372	-	-	1,124,372
Net investment loss	(627,148)	-	-	(627,148)
Net assets released from restrictions	(656,229)	-	-	(656,229)
Change in net assets with donor restrictions	(159,005)	-	-	(159,005)
Change in net assets	(338,972)	69,680	-	(269,292)
Net assets (deficit):				
Beginning	10,545,468	(69,680)	-	10,475,788
Ending	\$ 10,206,496	\$ -	\$ -	\$ 10,206,496