

**LEAGUE OF WOMEN VOTERS
EDUCATION FUND AND AFFILIATE
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

**LEAGUE OF WOMEN VOTERS
EDUCATION FUND AND AFFILIATE**

CONTENTS

Independent Auditors' Report..... 1-2

Consolidated Financial Statements

Consolidated Statements of Financial Position.....3
Consolidated Statements of Activities4
Consolidated Statements of Functional Expenses 5-6
Consolidated Statements of Cash Flows.....7

Notes to Consolidated Financial Statements 8-28

INDEPENDENT AUDITORS' REPORT

Board of Trustees
League of Women Voters Education Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of League of Women Voters Education Fund and Affiliate (collectively, the Education Fund), which comprise the consolidated statement of financial position as of June 30, 2023, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Education Fund as of June 30, 2023, 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 (GAAS). Our responsibilities under those standards are further described in the Auditors' 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Prior Period Financial Statements

The consolidated financial statements of the Education Fund as of June 30, 2022, were audited by other auditors whose report dated June 20, 2023, expressed an unmodified opinion on those statements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 consolidated 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 consolidated 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 consolidated 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 consolidated 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.

Marcum LLP

Washington, D.C.
April 8, 2024

**LEAGUE OF WOMEN VOTERS
EDUCATION FUND AND AFFILIATE**

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2023 AND 2022

	2023	2022
Assets		
Cash and cash equivalents	\$ 2,613,056	\$ 4,638,370
Investments	6,997,498	6,533,570
Investments restricted for endowments	598,250	502,480
Receivables, net	1,485,133	931,414
Prepaid expense	19,352	35,807
Right-of-use asset	291,861	--
Property and equipment, net	--	22,711
Total Assets	\$ 12,005,150	\$ 12,664,352
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expense	\$ 617,442	\$ 960,324
Amount due to LWVUS	32,553	485,966
Contract liabilities	72,062	94,400
Amounts held on behalf of state and local leagues	641,078	552,128
Lease liability – operating	355,698	--
Loss on sublease	124,417	223,951
Deferred rent	--	141,087
Total Liabilities	1,843,250	2,457,856
Net Assets		
Without donor restrictions	7,905,291	8,298,440
With donor restrictions	2,256,609	1,908,056
Total Net Assets	10,161,900	10,206,496
Total Liabilities and Net Assets	\$ 12,005,150	\$ 12,664,352

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

**LEAGUE OF WOMEN VOTERS
EDUCATION FUND AND AFFILIATE**

CONSOLIDATED STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
Activities Without Donor Restrictions		
Revenue and support		
Contributions	\$ 4,971,313	\$ 6,101,445
Contributions of nonfinancial assets	3,099,095	6,244,215
Interest and dividends, net of fees	149,340	39,421
Publication sales and other income	176,773	263,089
Sublease income	167,540	165,266
Contributions in lieu of per-member payments	52,907	90,291
Net assets released from restrictions:		
Satisfaction of time restrictions	400,000	--
Satisfaction of program	732,718	656,229
	<u>9,749,686</u>	<u>13,559,956</u>
Total Revenue and Support		
Expenses		
Program Services		
Advocacy	3,383,349	6,215,216
Mission impact	3,024,890	2,854,672
Communications	915,834	766,452
Outcome and evaluation	593,385	1,212,422
Member services	516,672	467,115
Council and convention	311,625	1,617
	<u>8,745,755</u>	<u>11,517,494</u>
Total Program Services		
Supporting Services		
Fundraising	957,523	1,036,170
General and administrative	788,392	508,630
	<u>1,745,915</u>	<u>1,544,800</u>
Total Supporting Services		
	<u>10,491,670</u>	<u>13,062,294</u>
Total Expenses		
Change in Net Assets Without Donor Restrictions Before Other Items		
	(741,984)	497,662
Net realized and unrealized gain (loss) on investments	348,835	(607,949)
	<u>(393,149)</u>	<u>(110,287)</u>
Change in Net Assets Without Donor Restrictions		
Activities With Donor Restrictions		
Contributions	1,348,843	1,124,372
Interest and dividends, net of fees	39,699	43,486
Net investment gain (loss)	92,729	(670,634)
Net assets released from restrictions	(1,132,718)	(656,229)
	<u>348,553</u>	<u>(159,005)</u>
Change in Net Assets With Donor Restrictions		
	<u>(44,596)</u>	<u>(269,292)</u>
Change in Net Assets		
	<u>10,206,496</u>	<u>10,475,788</u>
Net Assets, Beginning of Year		
	<u>10,206,496</u>	<u>10,475,788</u>
Net Assets, End of Year	<u>\$ 10,161,900</u>	<u>\$ 10,206,496</u>

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

LEAGUE OF WOMEN VOTERS EDUCATION FUND AND AFFILIATE

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2023

	Program Services						Supporting Services			Total Expenses	
	Advocacy	Mission Impact	Communications	Outcome and Evaluation	Member Services	Council and Convention	Total Program Services	Fundraising	General and Administrative		Total Supporting Services
Salaries and benefits	\$ 522,310	\$ 667,129	\$ 354,403	\$ 422,435	\$ 382,958	\$ --	\$ 2,349,235	\$ 325,950	\$ 520,475	\$ 846,425	\$ 3,195,660
Contributions of nonfinancial assets	2,650,211	448,884	--	--	--	--	3,099,095	--	--	--	3,099,095
Contracted services	75,343	931,371	336,073	61,694	54,622	21,586	1,480,689	320,345	134,546	454,891	1,935,580
Postage and printing	--	308,547	133,905	--	--	--	442,452	185,977	22	185,999	628,451
Grants	20,000	404,050	--	19,135	--	--	443,185	--	--	--	443,185
Occupancy	53,559	90,201	35,672	43,857	38,829	--	262,118	33,140	51,737	84,877	346,995
Conferences and training	--	1,296	2,900	169	--	288,207	292,572	--	37	37	292,609
Software and licensing	25,017	78,225	16,662	20,485	18,137	--	158,526	15,584	26,827	42,411	200,937
Professional services	24,114	73,927	25,053	19,580	17,336	--	160,010	14,796	23,318	38,114	198,124
Other expenses	12,579	17,601	9,895	5,601	4,771	250	50,697	61,650	24,552	86,202	136,899
Travel	216	3,659	1,271	429	19	1,582	7,176	81	6,878	6,959	14,135
	<u>\$ 3,383,349</u>	<u>\$ 3,024,890</u>	<u>\$ 915,834</u>	<u>\$ 593,385</u>	<u>\$ 516,672</u>	<u>\$ 311,625</u>	<u>\$ 8,745,755</u>	<u>\$ 957,523</u>	<u>\$ 788,392</u>	<u>\$ 1,745,915</u>	<u>\$ 10,491,670</u>

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

LEAGUE OF WOMEN VOTERS EDUCATION FUND AND AFFILIATE

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2022

	Program Services						Supporting Services				Total Expenses
	Advocacy	Mission Impact	Communications	Outcome and Evaluation	Member Services	Council and Convention	Total Program Services	Fundraising	General and Administrative	Total Supporting Services	
Salaries and benefits	\$ 456,103	\$ 636,318	\$ 321,833	\$ 282,797	\$ 352,772	\$ --	\$ 2,049,823	\$ 253,059	\$ 408,252	\$ 661,311	\$ 2,711,134
Contributions of nonfinancial assets	5,639,673	604,542	--	--	--	--	6,244,215	-	--	--	6,244,215
Contracted services	--	969,385	221,199	500	19,556	--	1,210,640	325,259	4,710	329,969	1,540,609
Postage and printing	--	186,221	131,625	--	--	--	317,846	294,410	--	294,410	612,256
Grants	--	100,159	--	854,343	2,754	--	957,256	--	--	--	957,256
Occupancy	71,894	164,315	50,696	44,585	55,600	--	387,090	39,908	54,542	94,450	481,540
Software and licensing	14,036	101,599	9,897	8,704	10,855	--	145,091	7,791	10,648	18,439	163,530
Professional services	18,890	64,090	20,820	11,715	10,398	--	125,913	10,486	14,331	24,817	150,730
Other expense	14,135	24,942	10,073	9,364	15,180	1,400	75,094	105,233	13,582	118,815	193,909
Travel	485	3,101	309	414	--	217	4,526	24	2,565	2,589	7,115
	<u>\$ 6,215,216</u>	<u>\$ 2,854,672</u>	<u>\$ 766,452</u>	<u>\$ 1,212,422</u>	<u>\$ 467,115</u>	<u>\$ 1,617</u>	<u>\$ 11,517,494</u>	<u>\$ 1,036,170</u>	<u>\$ 508,630</u>	<u>\$ 1,544,800</u>	<u>\$ 13,062,294</u>

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

**LEAGUE OF WOMEN VOTERS
EDUCATION FUND AND AFFILIATE**

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
Cash Flows From Operating Activities		
Change in net assets	\$ (44,596)	\$ (269,292)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities		
Net realized and unrealized (gain) loss on investments	(441,564)	1,278,583
Change in discount to net present value	(20,405)	20,683
Depreciation and amortization	22,711	150,809
Amortization of right-of-use asset	192,539	--
Deferred rent	--	(52,156)
Loss on sublease	(99,534)	(99,534)
Changes in assets and liabilities		
Receivables	(533,314)	(709,996)
Prepaid expense	16,455	25,884
Accounts payable and accrued expense	(342,882)	253,168
Amount due to LWVUS	(453,413)	(144,223)
Contract liabilities	(22,338)	(8,662)
Lease liability – operating	(269,789)	--
Amounts held on behalf of state and local Leagues	88,950	(17,445)
Net Cash (Used in) Provided by Operating Activities	(1,907,180)	427,819
Cash Flows From Investing Activities		
Proceeds from sales of investments	3,416,044	1,814,290
Purchases of investments	(3,534,178)	(1,904,734)
Purchases of property and equipment	--	(86,754)
Net Cash Used in Investing Activities	(118,134)	(177,198)
Net (Decrease) Increase in Cash and Cash Equivalents	(2,025,314)	250,621
Cash and Cash Equivalents, Beginning of Year	4,638,370	4,387,749
Cash and Cash Equivalents, End of Year	\$ 2,613,056	\$ 4,638,370
Supplemental Disclosure of Cash Flow Information		
Donated investments liquidated to cash	\$ 53,894	\$ 43,629

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

**LEAGUE OF WOMEN VOTERS
EDUCATION FUND AND AFFILIATE**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

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.

The Education Fund's program and supporting services include the following:

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.

**LEAGUE OF WOMEN VOTERS
EDUCATION FUND AND AFFILIATE**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NATURE OF ACTIVITIES (CONTINUED)

Council and Convention

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

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.

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.

**LEAGUE OF WOMEN VOTERS
EDUCATION FUND AND AFFILIATE**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

CASH AND CASH EQUIVALENTS

The Education Fund considers demand deposits, including excess cash invested in overnight repurchase agreements, all highly liquid investments purchased with original maturities of three months or less, 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. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Investment expenses, such as advisory fees, are netted against investment return in the consolidated financial statements. Realized gains and losses are determined by a comparison of average costs at the investment's acquisition to the proceeds at the time of its sale. Unrealized gains or losses are determined by comparison of the investment's acquisition cost to its fair value at year-end.

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.

**LEAGUE OF WOMEN VOTERS
EDUCATION FUND AND AFFILIATE**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FINANCIAL RISK (CONTINUED)

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.

FAIR VALUE MEASUREMENT

Accounting standards define fair value and establish a framework for measuring fair value in accordance with GAAP. Accounting standards emphasize that fair value is a market-based measurement, not an entity-specific measurement, and therefore a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurement, accounting standards established a fair value hierarchy based upon the transparency of the inputs to the valuation of an asset or liability. These inputs may be observable, whereby the market participant assumptions are developed based on market data obtained from independent sources, and unobservable, whereby assumptions about market participant assumptions are developed by the reporting entity based on the best information available in the circumstances. The three levels of the fair value hierarchy according to fair value measurement standards are described as follows:

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.

As of June 30, 2022 and 2023, only the Education Fund's investments, as described in Note 3, were measured at fair value on a recurring basis.

**LEAGUE OF WOMEN VOTERS
EDUCATION FUND AND AFFILIATE**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

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 of 2.35% at June 30, 2023 and 2022.

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. Bad debt expense totaled \$2,295 for the year ended June 30, 2023. There was no bad debt expense for the year ended June 30, 2022. Receivables at July 1, 2021 totaled \$242,101.

RIGHT-OF-USE ASSET AND LEASE LIABILITY

At inception of an agreement, the Education Fund determines whether the agreement meets the criteria for a lease. A right-of-use asset and lease liability are recognized at the commencement date of the lease agreement based on the present value of lease payments over the lease term using a risk-free rate of return that coincides with the date and term of the lease and is adjusted for lease incentives. The asset is amortized over the lease term and is reflected in occupancy expense in the accompanying consolidated financial statements. The lease liability is reduced as cash payments are made under the terms of the lease. Short-term operating leases, which have an initial term of 12 months or less, are not recorded on the accompanying consolidated statements of financial position. Instead, the lease payments of those leases are reported as rent expense on a straight-line basis over the term.

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. For the years ended June 30, 2023 and 2022, depreciation and amortization expense totaled \$22,711 and \$150,809, respectively, and is included in occupancy on the accompanying consolidated financial statements. The cost of property and equipment retired or disposed of is removed from the accounts along with the

**LEAGUE OF WOMEN VOTERS
EDUCATION FUND AND AFFILIATE**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PROPERTY AND EQUIPMENT (CONTINUED)

related accumulated depreciation or amortization, and any gain or loss is reflected in revenue and support or expenses in the accompanying consolidated statement of activities. Major additions are capitalized, while replacements, maintenance and repairs that do not improve or extend the lives of the respective assets are expensed as incurred.

CONTRACT LIABILITIES

Contract liabilities consist of licensing fees related to the online interactive voter guide. The Education Fund 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 accompanying consolidated statements of activities. Contract liabilities at July 1, 2021 totaled \$103,062.

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.

LOSS ON SUBLEASE

The Education Fund recorded a loss on sublease during the year ended June 30, 2021, equal to the difference between the payments due under the old office lease, less the payments expected to be received under the sublease.

REVENUE RECOGNITION

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

**LEAGUE OF WOMEN VOTERS
EDUCATION FUND AND AFFILIATE**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

REVENUE RECOGNITION (CONTINUED)

with donor restrictions received and released in the same accounting period are classified as without donor restrictions in the accompanying consolidated statements of activities. Conditional promises to give are not recognized until such time as the conditions are substantially met, that is, when the barrier(s) in the agreement are met.

Contributions of nonfinancial assets, such as donated advertising and legal support, are recognized at the estimated fair value provided by the donor. The contributions received are not monetized and do not have any donor restrictions.

Publication sales and other income include license fees for the online voter guide and sales of publications. Revenue from licensing fees are recognized ratably over the period of service in accordance with the underlying agreements. Sublease income is recognized as revenue on a straight-line basis over the life of the sublease.

ALLOCATION OF NET INVESTMENT GAIN (LOSS)

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

MEASURE OF OPERATIONS

Operating revenue and expenses generally reflect those revenue and expenses that arise from the Education Fund's activities and excluded all realized and unrealized gains and losses from investments.

**LEAGUE OF WOMEN VOTERS
EDUCATION FUND AND AFFILIATE**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ACCOUNTING PRONOUNCEMENT ADOPTED

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements for lessees and lessors. The standard applies a right-of-use model that requires leases with a lease term of more than 12 months to be recognized as an asset, representing the underlying asset for the lease term, and a liability of required lease payments to be recorded. The Education Fund adopted this standard during the year ended June 30, 2023, using the modified retrospective method. The Education Fund elected not to reassess at adoption (i) expired or existing contracts to determine whether they are or contain a lease, (ii) the lease classification of any existing leases, (iii) initial direct costs for existing leases. The adoption of ASU 2016-02 resulted in the recognition of an operating right-of-use asset of \$484,400 (net of deferred rent of \$141,087), and an operating lease liability of \$625,487 as of July 1, 2022. Results for periods beginning prior to July 1, 2022, continue to be reported in accordance with the Education Fund's historical accounting treatment. The adoption of ASU 2016-02 did not have a material impact on the Education Fund's results of operations and cash flows. See Note 5 for additional disclosures.

UPCOMING ACCOUNTING PRONOUNCEMENT

In June 2016, the FASB issued ASU 2016-13 *Financial Instruments – Credit Losses – (Topic 623)*. This ASU replaces the current incurred loss impairment methodology with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The guidance applies to loans, accounts receivable, trade receivables and other financial assets measured at amortized costs, loan commitments, debt securities, and beneficial interest in securitized financial assets, but the effect on the Education Fund is projected to be limited to accounts receivable related to publication sales and sublease income. The guidance will be effective for the fiscal year beginning after December 15, 2022. The Education Fund is evaluating the impact this ASU will have on its financial statements.

**LEAGUE OF WOMEN VOTERS
EDUCATION FUND AND AFFILIATE**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 2 – INVESTMENTS

Investments consisted of the following at June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Investments at fair value:		
Mutual funds – equities:		
U.S. large cap	\$ 677,061	\$ 652,245
U.S. small/mid cap	661,565	688,182
Developed non-U.S.	1,604,489	1,345,948
Emerging markets	1,162,612	528,126
Real estate	--	332,560
Mutual funds – fixed income:		
Bonds	622,546	1,034,533
Exchange-traded	2,308,474	2,211,726
Money market funds	110,808	26,815
Certificates of deposit	<u>410,000</u>	<u>--</u>
Subtotal Investments at Fair Value	7,557,555	6,820,135
Cash and cash equivalents at cost	<u>38,193</u>	<u>215,915</u>
Total	<u>\$ 7,595,748</u>	<u>\$ 7,036,050</u>

Investments noted above are recorded as follows on the consolidated statements of financial position at June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Investments	\$ 6,997,498	\$ 6,533,570
Investments restricted for endowments	<u>598,250</u>	<u>502,480</u>
Total	<u>\$ 7,595,748</u>	<u>\$ 7,036,050</u>

**LEAGUE OF WOMEN VOTERS
EDUCATION FUND AND AFFILIATE**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 2 – INVESTMENTS (CONTINUED)

Net investment gain (loss) consisted of the following for the years ended June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Without donor restrictions:		
Interest and dividends	\$ 171,624	\$ 62,568
Investment management fees	(22,284)	(23,147)
Net realized and unrealized gain (loss)	<u>348,835</u>	<u>(607,949)</u>
Subtotal Without Donor Restrictions	<u>498,175</u>	<u>(568,528)</u>
With donor restrictions:		
Interest and dividends	45,622	69,020
Investment management fees	(5,923)	(25,534)
Net realized and unrealized gain (loss)	<u>92,729</u>	<u>(670,634)</u>
Subtotal With Donor Restrictions	<u>132,428</u>	<u>(627,148)</u>
Total	<u>\$ 630,603</u>	<u>\$ (1,195,676)</u>

**LEAGUE OF WOMEN VOTERS
EDUCATION FUND AND AFFILIATE**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 3 – FAIR VALUE MEASUREMENTS

The following assets were measured at fair value on a recurring basis using the following input levels at June 30, 2023:

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets/ Liabilities (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Investments at fair value				
Mutual funds – equities:				
U.S. large cap	\$ 677,061	\$ 677,061	\$ --	\$ --
U.S. small/mid cap	661,565	661,565	--	--
Developed non-U.S.	1,604,489	1,604,489	--	--
Emerging markets	1,162,612	1,162,612	--	--
Mutual funds – fixed income:				
Bonds	622,546	622,546	--	--
Exchange-traded	2,308,474	2,308,474	--	--
Money market funds	110,808	110,808	--	--
Certificates of deposit	<u>410,000</u>	<u>--</u>	<u>410,000</u>	<u>--</u>
Subtotal Investments at Fair Value	7,557,555	<u>\$ 7,147,555</u>	<u>\$ 410,000</u>	<u>\$ --</u>
Cash and cash equivalents at cost	<u>38,193</u>			
Total Investments	<u>7,595,748</u>			
Cash equivalents at fair value				
Money market funds	<u>826,939</u>			
Total Assets at Fair Value	<u>\$ 8,422,687</u>			

**LEAGUE OF WOMEN VOTERS
EDUCATION FUND AND AFFILIATE**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 3 – 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:

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets/ Liabilities (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
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	<u>26,815</u>	<u>26,815</u>	--	--
Subtotal Investments at Fair Value	6,820,135	<u>\$ 6,820,135</u>	<u>\$ --</u>	<u>\$ --</u>
Cash and cash equivalents at cost	<u>215,915</u>			
Total Investments	<u>7,036,050</u>			
Cash equivalents at fair value				
Money market funds	<u>731,569</u>			
Total Assets at Fair Value	<u>\$ 7,767,619</u>			

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.

**LEAGUE OF WOMEN VOTERS
EDUCATION FUND AND AFFILIATE**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 3 – FAIR VALUE MEASUREMENTS (CONTINUED)

Cash and cash equivalents held are recorded at cost.

NOTE 4 – RECEIVABLES

Receivables consisted of the following at June 30, 2023 and 2022:

	2023	2022
Contributions receivable	\$ 1,448,932	\$ 843,842
Publications and other income	34,563	55,184
Per-member payments	13,500	64,655
	1,496,995	963,681
Less discount to net present value	(11,862)	(32,267)
Total	\$ 1,485,133	\$ 931,414

Contributions receivable, included in receivables, net, are expected to be collected as follows at June 30, 2023 and 2022:

	2023	2022
Amounts due in less than one year	\$ 1,383,079	\$ 760,000
Amounts due in one to five years	65,853	83,842
	1,448,932	843,842
Less discount to net present value	(11,862)	(32,267)
Total	\$ 1,437,070	\$ 811,575

NOTE 5 – RIGHT-OF-USE ASSET AND LEASE LIABILITY

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 on September 30, 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.

**LEAGUE OF WOMEN VOTERS
EDUCATION FUND AND AFFILIATE**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 5 – RIGHT-OF-USE ASSET AND LEASE LIABILITY (CONTINUED)

In August 2020, LWVUS and the Education Fund both signed an operating sublease agreement with a third party related to the office space at 1730 M Street. The sublease commenced on November 1, 2020 and terminates on September 30, 2024. The future expected rental receipts under the sublease are 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 loss on sublease in the accompanying consolidated statements of financial position, and totaled \$124,417 and \$223,951 at June 30, 2023 and 2022, respectively.

The maturities of operating lease liability and sublease receipts as of June 30, 2023 are as follows:

<u>Years Ending June 30</u>	<u>Rental Payments</u>	<u>Sublease Receipts</u>	<u>Net Amounts</u>
2024	\$ 289,641	\$ (195,042)	\$ 94,599
2025	72,854	(49,555)	23,299
Total	362,495	(244,597)	117,898
Less: Present value discount	<u>(6,797)</u>	<u>--</u>	<u>(6,797)</u>
Lease Liability	<u>\$ 355,698</u>	<u>\$ (244,597)</u>	<u>\$ 111,101</u>

Operating lease expense totaled \$203,977 and \$141,094 for the years ended June 30, 2023 and 2022, respectively, and is included in occupancy expenses on the accompanying consolidated statement of functional expenses. Sublease income totaled \$167,540 and \$165,266 for the years ended June 30, 2023 and 2022, respectively. Cash paid under the operating lease totaled \$282,579 for the year ended June 30, 2023.

Other information related to the operating lease as of June 30, 2023:

Remaining lease term	1.3 years
Discount rate	2.84%

**LEAGUE OF WOMEN VOTERS
EDUCATION FUND AND AFFILIATE**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 6 – 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 expenses, fundraising expenses and grant commitments expected to be paid in the subsequent year. Annual operations are defined as total expenses 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. The Board of Trustees meets several times each year to review the financial statements and to approve unbudgeted expenses.

Financial assets available for general expenditures within one year consisted of the following as of June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 2,613,056	\$ 4,638,370
Investments	7,595,748	7,036,050
Receivables, net	<u>1,485,133</u>	<u>931,414</u>
Subtotal Financial Assets	11,693,937	12,605,834

**LEAGUE OF WOMEN VOTERS
EDUCATION FUND AND AFFILIATE**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 6 – LIQUIDITY AND AVAILABILITY OF RESOURCES (CONTINUED)

	2023	2022
(continued)		
Amounts not available for general expenditures within one year:		
Amounts held on behalf of state and local Leagues	\$ (641,078)	\$ (552,128)
Net assets with donor restrictions	(2,256,609)	(1,908,056)
Total	\$ 8,796,250	\$ 10,145,650

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. The Board of Directors of LWVUS elects the members of the Education Fund’s Board of Trustees. LWVUS and the Education Fund share certain costs, such as personnel and office space. During the years ended June 30, 2023 and 2022, the Education Fund’s portion of shared costs totaled \$4,301,903 and \$3,598,432, respectively. At June 30, 2023 and 2022, the Education Fund owed LWVUS \$32,553 and \$485,966, respectively, related to shared costs.

NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following at June 30, 2023 and 2022:

	2023	2022
Women power democracy	\$ 800,000	\$ 678,050
Endowment funds	598,250	502,480
Time restriction	565,418	451,575
Leadership fund	228,836	192,177
Interns	48,155	59,108
100th anniversary	9,100	9,100
DC Voting Rights	6,850	15,566
Total	\$ 2,256,609	\$ 1,908,056

**LEAGUE OF WOMEN VOTERS
EDUCATION FUND AND AFFILIATE**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 9 – ENDOWMENTS

Donor-restricted endowment funds have been 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

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 9 – 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. For the years ended June 30, 2023 and 2022, annual earnings from the endowment fund in excess of 5% were 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.

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 \$109,104 and \$204,874 at June 30, 2023 and 2022, respectively.

Endowments consisted of the following at June 30, 2023:

	<u>Available to Spend</u>	<u>Held in Perpetuity</u>	<u>Total</u>
Ruth S. Shur Leadership Institute fund	\$ --	\$ 404,295	\$ 404,295
Nikki Harris Online Training fund	--	86,601	86,601
General Endowment fund	<u>38,279</u>	<u>69,075</u>	<u>107,354</u>
Total	<u>\$ 38,279</u>	<u>\$ 559,971</u>	<u>\$ 598,250</u>

Endowments consisted of the following at June 30, 2022:

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

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 9 – ENDOWMENTS (CONTINUED)

Changes in endowments consisted of the following for the year ended June 30, 2023:

	<u>Available to Spend</u>	<u>Held in Perpetuity</u>	<u>Total</u>
Endowments, July 1, 2022	\$ 38,279	\$ 464,201	\$ 502,480
Net investment gains	36,658	95,770	132,428
Appropriations	<u>(36,658)</u>	<u>--</u>	<u>(36,658)</u>
Endowments, June 30, 2023	<u>\$ 38,279</u>	<u>\$ 559,971</u>	<u>\$ 598,250</u>

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

	<u>Available to Spend</u>	<u>Held in Perpetuity</u>	<u>Total</u>
Endowments, July 1, 2021	\$ 522,481	\$ 669,075	\$ 1,191,556
Net investment gains	(422,274)	(204,874)	(627,148)
Appropriations	<u>(61,928)</u>	<u>--</u>	<u>(61,928)</u>
Endowments, June 30, 2022	<u>\$ 38,279</u>	<u>\$ 464,201</u>	<u>\$ 502,480</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 equal to the price that would have been paid if the Education Fund had purchased the advertising.

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 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.

**LEAGUE OF WOMEN VOTERS
EDUCATION FUND AND AFFILIATE**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 10 – CONTRIBUTIONS OF NONFINANCIAL ASSETS (CONTINUED)

Contributions of nonfinancial assets recognized during the years ended June 30, 2023 and 2022, consisted of the following:

	2023	2022
Legal services	\$ 2,650,211	\$ 5,639,673
Advertising	448,884	604,542
Total	\$ 3,099,095	\$ 6,244,215

NOTE 11 – RETIREMENT PLAN

The Education Fund has a 401(k) plan for all eligible employees as stipulated by the plan document. There is no minimum service requirement to make salary reduction contributions to this plan, but the employee must complete at least one year of service to receive employer-based contributions. Each plan year, the Education Fund will make an employer based contribution equal to 8% of the compensation the employee received for that year, while the employee is a participant in the plan. This employer based contribution will be made whether or not the employee is making contributions. The Education Fund provided contributions to the participants in the 401(k) plan, which totaled \$165,231 and \$134,345 for the years ended June 30, 2023 and 2022, 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 \$318,882 and \$422,703 during the years ended June 30, 2023 and 2022, respectively.

Joint costs have been allocated between program services and fundraising as follows for the years ended June 30, 2023 and 2022:

	2023	2022
Fundraising	\$ 118,302	\$ 131,625
Communications	200,580	291,078
Total	\$ 318,882	\$ 422,703

**LEAGUE OF WOMEN VOTERS
EDUCATION FUND AND AFFILIATE**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 13 – 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. For the years ended June 30, 2023 and 2022, no provision for income taxes was made, as the Education Fund had no significant unrelated business income.

The Education Fund follows the authoritative guidance relating to accounting for uncertainty in income taxes included in FASB ASC Topic 740, Income Taxes. These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's consolidated financial statements and prescribe a threshold of "more likely than not" for recognition and derecognition of tax positions taken or expected to be taken in a tax return. The Education Fund evaluated its uncertainty in income taxes for the years ended June 30, 2023 and 2022, and determined that there were no matters that would require recognition in the consolidated financial statements or that may have any effect on its tax-exempt status. As of June 30, 2023 and 2022, there are no tax examinations pending or in process. It is the Education Fund's policy to recognize interest and/or penalties related to uncertainty in income taxes, if any, in income tax or interest expense. As of June 30, 2023 and 2022, the Education Fund had no accruals for interest and/or penalties.

NOTE 14 – RECLASSIFICATIONS

Certain 2022 amounts have been reclassified to conform to the 2023 presentation.

NOTE 15 – SUBSEQUENT EVENTS

The Education Fund has evaluated subsequent events April 8, 2024, the date on which the consolidated financial statements were available to be issued. There are no subsequent events that require recognition or disclosure in the consolidated financial statements.