

**LEAGUE OF WOMEN VOTERS OF THE UNITED STATES
AND AFFILIATES**

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

**LEAGUE OF WOMEN VOTERS OF THE UNITED STATES
AND AFFILIATES**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
League of Women Voters of the United States and Affiliates

Opinion

We have audited the consolidated financial statements of League of Women Voters of the United States and Affiliates (collectively, League of Women Voters), 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 League of Women Voters 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 League of Women Voters 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 League of Women Voters 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 League of Women Voters 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 League of Women Voters 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 League of Women Voters' 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statements of financial position and activities (supplemental information) is presented for purposes of additional analysis 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 information has been subjected

to the auditing procedures applied in the audit 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.

Marcum LLP

Washington, D.C.

April 8, 2024

**LEAGUE OF WOMEN VOTERS OF THE UNITED STATES
AND AFFILIATES**

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2023 AND 2022

	2023	2022
Assets		
Cash and cash equivalents	\$ 3,669,926	\$ 7,727,041
Investments	11,672,286	11,446,776
Investments restricted for endowments	598,250	502,480
Receivables, net	1,640,187	1,037,419
Prepaid expense	218,255	374,763
Right-of-use assets	2,935,862	--
Property and equipment, net	681,936	820,132
Collection (Note 1)	--	--
	<u>\$ 21,416,702</u>	<u>\$ 21,908,611</u>
Total Assets		
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expense	\$ 1,690,006	\$ 3,055,845
Contract liabilities	103,828	94,400
Amounts held on behalf of state and local leagues	641,078	552,128
Lease liabilities – operating	4,181,141	--
Loss on sublease	248,834	447,902
Deferred rent	--	1,441,299
	<u>6,864,887</u>	<u>5,591,574</u>
Total Liabilities		
Net Assets		
Without donor restrictions	12,295,206	14,408,981
With donor restrictions	2,256,609	1,908,056
	<u>14,551,815</u>	<u>16,317,037</u>
Total Net Assets		
Total Liabilities and Net Assets	<u>\$ 21,416,702</u>	<u>\$ 21,908,611</u>

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

**LEAGUE OF WOMEN VOTERS OF THE UNITED STATES
AND AFFILIATES**

CONSOLIDATED STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
Activities Without Donor Restrictions		
Revenue and Support		
Contributions	\$ 9,399,014	\$ 11,616,098
Contributions of nonfinancial assets	3,099,095	6,244,215
Per-member payments	2,065,410	1,929,790
Sublease income	335,080	330,531
Interest and dividends, net of fees	267,188	75,947
Mailing list rental income	226,661	367,522
Publication sales and other income	190,524	232,830
Council and convention	89,653	372,482
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 restrictions	732,718	656,229
Total Revenue and Support	16,858,250	21,915,935
Expenses		
Program Services		
Advocacy	4,333,556	7,001,098
Mission impact	4,009,528	3,415,149
Communications	2,439,077	2,414,087
Outcome and evaluation	1,224,293	1,793,742
Member services	1,172,442	1,031,435
Council and convention	436,857	882,550
Total Program Services	13,615,753	16,538,061
Supporting Services		
Fundraising	4,081,622	3,940,823
General and administrative	1,908,154	1,838,338
Total Supporting Services	5,989,776	5,779,161
Total Expenses	19,605,529	22,317,222
Change in Net Assets Without Donor Restrictions Before Other Items	(2,747,279)	(401,287)
Net realized and unrealized gain (loss) on investments	633,504	(1,424,978)
Change in Net Assets Without Donor Restrictions	(2,113,775)	(1,826,265)
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) return	92,729	(670,634)
Net assets released from restrictions:		
Satisfaction of time restrictions	(400,000)	--
Satisfaction of program restrictions	(732,718)	(656,229)
Change in Net Assets With Donor Restrictions	348,553	(159,005)
Change in Net Assets	(1,765,222)	(1,985,270)
Net Assets, Beginning of Year	16,317,037	18,302,307
Net Assets, End of Year	\$ 14,551,815	\$ 16,317,037

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

LEAGUE OF WOMEN VOTERS OF THE UNITED STATES AND AFFILIATES

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	\$ 1,017,522	\$ 1,142,251	\$ 704,947	\$ 820,375	\$ 765,657	\$ --	\$ 4,450,752	\$ 651,914	\$ 1,146,159	\$ 1,798,073	\$ 6,248,825
Contracted services	277,707	1,151,692	693,252	169,769	237,724	22,737	2,552,881	1,375,422	223,298	1,598,720	4,151,601
Contributions of nonfinancial assets	2,650,211	448,884	--	--	--	--	3,099,095	--	--	--	3,099,095
Postage and printing	--	314,509	639,483	135	1,725	10,387	966,239	1,653,573	8,532	1,662,105	2,628,344
Conferences and training	107,746	94,495	18,289	374	2,029	381,455	604,388	1,565	43,798	45,363	649,751
Occupancy	80,803	89,274	54,744	65,535	59,776	--	350,132	51,019	133,557	184,576	534,708
Professional services	47,472	95,395	237,351	51,629	34,890	19	466,756	31,749	25,730	57,479	524,235
Other expense	28,971	32,765	22,606	33,888	11,399	5,396	135,025	268,635	97,408	366,043	501,068
Grants	20,000	415,550	--	21,435	--	2,300	459,285	--	--	--	459,285
Software and licensing	69,479	137,757	34,229	40,073	36,273	--	317,811	32,319	50,896	83,215	401,026
Travel	9,471	37,537	17,798	1,474	5,086	14,563	85,929	163	154,996	155,159	241,088
Depreciation and amortization	24,174	49,419	16,378	19,606	17,883	--	127,460	15,263	23,780	39,043	166,503
	<u>\$ 4,333,556</u>	<u>\$ 4,009,528</u>	<u>\$ 2,439,077</u>	<u>\$ 1,224,293</u>	<u>\$ 1,172,442</u>	<u>\$ 436,857</u>	<u>\$ 13,615,753</u>	<u>\$ 4,081,622</u>	<u>\$ 1,908,154</u>	<u>\$ 5,989,776</u>	<u>\$ 19,605,529</u>

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

LEAGUE OF WOMEN VOTERS OF THE UNITED STATES AND AFFILIATES

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	\$ 803,535	\$ 899,517	\$ 652,700	\$ 587,018	\$ 712,897	\$ --	\$ 3,655,667	\$ 495,690	\$ 759,688	\$ 1,255,378	\$ 4,911,045
Contracted services	204,762	996,035	519,991	500	41,741	145,569	1,908,598	1,211,751	744,445	1,956,196	3,864,794
Contributions of nonfinancial assets	5,639,673	604,542	--	--	--	--	6,244,215	--	--	--	6,244,215
Postage and printing	20,604	186,528	730,834	--	10,789	5,898	954,653	1,644,166	9,149	1,653,315	2,607,968
Conferences and training	955	56,731	--	6,697	3,060	685,349	752,792	--	4,680	4,680	757,472
Occupancy	100,343	112,295	81,457	73,330	88,988	--	456,413	61,915	79,306	141,221	597,634
Professional services	106,322	37,246	67,465	30,311	29,515	484	271,343	85,702	65,183	150,885	422,228
Other expense	36,947	172,739	316,051	20,369	35,970	8,335	590,411	405,342	63,398	468,740	1,059,151
Grants	--	100,159	--	1,035,718	23,254	2,500	1,161,631	--	--	--	1,161,631
Software and licensing	46,235	144,509	21,441	19,736	30,635	60	262,616	19,968	19,544	39,512	302,128
Travel	15,401	11,337	2,781	828	31,244	34,355	95,946	48	72,141	72,189	168,135
Depreciation and amortization	26,321	93,511	21,367	19,235	23,342	--	183,776	16,241	20,804	37,045	220,821
	<u>\$ 7,001,098</u>	<u>\$ 3,415,149</u>	<u>\$ 2,414,087</u>	<u>\$ 1,793,742</u>	<u>\$ 1,031,435</u>	<u>\$ 882,550</u>	<u>\$ 16,538,061</u>	<u>\$ 3,940,823</u>	<u>\$ 1,838,338</u>	<u>\$ 5,779,161</u>	<u>\$ 22,317,222</u>

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

**LEAGUE OF WOMEN VOTERS OF THE UNITED STATES
AND AFFILIATES**

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
Cash Flows From Operating Activities		
Change in net assets	\$ (1,765,222)	\$ (1,985,270)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities		
Net realized and unrealized (gain) loss on investments	(726,233)	2,095,612
Bad debt expense	7,140	7,565
Change in discount to net present value	(20,405)	20,683
Depreciation and amortization	166,503	220,821
Amortization of right-of-use assets	572,886	--
Deferred rent	--	171,025
Loss on sublease	(199,068)	(199,067)
Changes in assets and liabilities		
Receivables	(589,503)	(649,381)
Prepaid expense and other assets	156,508	(122,466)
Accounts payable and accrued expense	(1,365,839)	1,392,938
Contract liabilities	9,428	(8,662)
Operating lease liabilities	(768,906)	--
Amounts held on behalf of state and local Leagues	<u>88,950</u>	<u>(17,445)</u>
Net Cash (Used in) Provided by Operating Activities	<u>(4,433,761)</u>	<u>926,353</u>
Cash Flows From Investing Activities		
Proceeds from sales of investments	5,482,888	1,814,290
Purchases of investments	(5,077,935)	(1,936,375)
Purchases of property and equipment	<u>(28,307)</u>	<u>(31,514)</u>
Net Cash Provided by (Used in) Investing Activities	<u>376,646</u>	<u>(153,599)</u>
Net (Decrease) Increase in Cash and Cash Equivalents	(4,057,115)	772,754
Cash and Cash Equivalents, Beginning of Year	<u>7,727,041</u>	<u>6,954,287</u>
Cash and Cash Equivalents, End of Year	<u>\$ 3,669,926</u>	<u>\$ 7,727,041</u>
Supplemental Disclosures of Cash Flow Information		
Donated investments liquidated to cash	<u>\$ 53,894</u>	<u>\$ 43,629</u>

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

LEAGUE OF WOMEN VOTERS OF THE UNITED STATES AND AFFILIATES

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 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.

League of Women Voters Education Fund (the Education Fund) was established in 1957 by 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 League of Women Voter'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.

Communications

The communications function includes activities to maintain League of Women Voters' website, prepare and disseminate materials and publications which promote political awareness and responsibility, and address selected issues.

Outcome and Evaluation

The outcome and evaluation function includes collecting and analyzing data to measure the League of Women Voters' impact and ensure refinement of programs to improve that impact.

LEAGUE OF WOMEN VOTERS OF THE UNITED STATES AND AFFILIATES

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)

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.

Fundraising

The fundraising function includes activities that encourage and secure financial support for League of Women Voters.

General and Administrative

The general and administrative function includes activities necessary for the administrative processes of League of Women Voters, such as managing its operating, governance and financial responsibilities.

A summary of League of Women Voters' significant accounting policies is as follows:

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of LWVUS and the Education Fund. The Board of Directors of LWVUS elects the members of the Education Fund's Board of Trustees. Significant inter-entity accounts and transactions have been eliminated in consolidation. For purposes of this report, the entities are collectively referred to as League of Women Voters.

BASIS OF PRESENTATION

League of Women Voters 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, League of Women Voters 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, League of Women Voters has no board-designated net assets.

**LEAGUE OF WOMEN VOTERS OF THE UNITED STATES
AND AFFILIATES**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

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

BASIS OF PRESENTATION (CONTINUED)

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.

CASH AND CASH EQUIVALENTS

League of Women Voters 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.

**LEAGUE OF WOMEN VOTERS OF THE UNITED STATES
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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

League of Women Voters 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 League of Women Voters. However, League of Women Voters 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 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.

**LEAGUE OF WOMEN VOTERS OF THE UNITED STATES
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

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

FAIR VALUE MEASUREMENT (CONTINUED)

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 League of Women Voters' investments, as described in Note 3, were measured at fair value on a recurring basis.

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 League of Women Voters, 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 \$33,097 and \$7,565 for the years ended June 30, 2023 and 2022, respectively. Receivables from publications and other income at July 1, 2021 totaled \$182,311.

OPERATING LEASE RIGHT-OF-USE ASSETS AND OPERATING LEASE LIABILITIES

At inception of an agreement, League of Women Voters 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 least 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 statements of financial position. Instead, the lease payments of those leases are reported as rent expense on a straight-line basis over the term.

**LEAGUE OF WOMEN VOTERS OF THE UNITED STATES
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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

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 and leasehold improvements over the lesser of the remaining term of the office lease or the estimated useful life of the improvements. The cost of property and equipment retired or disposed of is removed from the accounts along with the related accumulated depreciation or amortization, and any gain or loss is reflected in revenue and support or expenses in the accompanying consolidated statements 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.

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.

COLLECTION

League of Women Voters maintains a permanent collection of rare books, pamphlets and memorabilia relating to women's rights and the suffrage movement which date from the mid-nineteenth to the late twentieth centuries. Each item is cataloged, preserved and cared for by League of Women Voters and activities verifying their existence and assessing their condition are performed continuously. The items in the collection were donated to League of Women Voters. There were no acquisitions or disposals during the years ended June 30, 2023 and 2022. The League of Women Voters has no intention of disposing any of the collection items, but given the nature of the items, if the League of Women Votes were to dispose of any items it would be to donate the items to a museum.

CONTRACT LIABILITIES

Contract liabilities consist of licensing fees related to the online interactive voter guide. League of Women Voters signed a licensure agreement which licenses the online interactive voter guide to League of Women Voters 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.

**LEAGUE OF WOMEN VOTERS OF THE UNITED STATES
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

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

AMOUNTS HELD ON BEHALF OF STATE AND LOCAL LEAGUES

League of Women Voters 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

League of Women Voters 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 with donor restrictions that is both received and released in the same period is 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.

Per-member payments are contributions from state and local Leagues which represent a portion of membership dues received by state and local Leagues. The state and local Leagues determine the amount of the contribution they will provide to the League of Women Voters.

League of Women Voters receives a list rental fee related to its mailing list in accordance with an agreement with a third-party list manager. Mailing list rental income is recognized at a point in time when the sales occur which generated royalty payments from the third-party list manager.

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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)

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.

Council and convention includes registration fees from participants attending meetings and is recognized in the period in which the events take place.

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 League of Women Voters' activities and excluded all realized and unrealized gains and losses from investments.

ACCOUNTING PRONOUNCEMENTS 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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

ACCOUNTING PRONOUNCEMENTS ADOPTED (CONTINUED)

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. League of Women Voters adopted this standard during the year ended June 30, 2023, using the modified retrospective method. League of Women Voters 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 operating right-of-use assets of \$3,508,748 (net of deferred rent of \$1,441,299), and operating lease liabilities of \$4,950,047 as of July 1, 2022. Results for periods beginning prior to July 1, 2022, continue to be reported in accordance with League of Women Voters' historical accounting treatment. The adoption of ASU 2016-02 did not have a material impact on League of Women Voters results of operations and cash flows. See Note 5 for additional disclosures.

UPCOMING ACCOUNTING PRONOUNCEMENT

In June 2016, FASB issued Accounting Standards Update (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 League of Women Voters is projected to be limited to accounts receivable. The guidance will be effective for the fiscal year beginning after December 15, 2022. League of Women Voters is evaluating the impact this ASU will have on its consolidated financial statements.

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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	\$ 1,112,057	\$ 1,075,771
U.S. small/mid cap	1,091,532	1,146,775
Developed non-U.S.	2,643,308	2,559,870
Emerging markets	1,915,340	528,126
Real estate	--	548,464
Mutual funds – fixed income:		
Bonds	1,025,636	2,240,236
Exchange-traded	3,803,618	2,871,934
Money market funds	230,852	656,982
Certificates of deposit	<u>410,000</u>	<u>--</u>
Subtotal Investments at Fair Value	12,232,343	11,628,158
Cash and cash equivalents at cost	<u>38,193</u>	<u>321,098</u>
Total	<u>\$ 12,270,536</u>	<u>\$11,949,256</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	\$ 11,672,286	\$ 11,446,776
Investments restricted for endowments	<u>598,250</u>	<u>502,480</u>
Total	<u>\$ 12,270,536</u>	<u>\$ 11,949,256</u>

**LEAGUE OF WOMEN VOTERS OF THE UNITED STATES
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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	\$ 306,651	\$ 126,419
Investment management fees	(39,463)	(50,472)
Net realized and unrealized gain (loss)	<u>633,504</u>	<u>(1,424,978)</u>
Subtotal Without Donor Restrictions	<u>900,692</u>	<u>(1,349,031)</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>\$ 1,033,120</u>	<u>\$ (1,976,179)</u>

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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	\$ 1,112,057	\$ 1,112,057	\$ --	\$ --
U.S. small/mid cap	1,091,532	1,091,532	--	--
Developed non-U.S.	2,643,308	2,643,308	--	--
Emerging markets	1,915,340	1,915,340	--	--
Mutual funds – fixed income:				
Bonds	1,025,636	1,025,636	--	--
Exchange-traded	3,803,618	3,803,618	--	--
Money market funds	230,852	230,852	--	--
Certificates of deposit	<u>410,000</u>	<u>--</u>	<u>410,000</u>	<u>--</u>
Subtotal Investments at Fair Value	12,232,343	<u>\$ 11,822,343</u>	<u>\$ 410,000</u>	<u>\$ --</u>
Cash and cash equivalents at cost	<u>38,193</u>			
Total Investments	<u>12,270,536</u>			
Cash equivalents at fair value				
Money market funds	<u>852,985</u>			
Total Assets at Fair Value	<u>\$ 13,123,521</u>			

**LEAGUE OF WOMEN VOTERS OF THE UNITED STATES
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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	\$ 1,075,771	\$ 1,075,771	\$ --	\$ --
U.S. small/mid cap	1,146,775	1,146,775	--	--
Developed non-U.S.	2,559,870	2,559,870	--	--
Emerging markets	528,126	528,126	--	--
Real estate	548,464	548,464	--	--
Mutual funds – fixed income:				
Bonds	2,240,236	2,240,236	--	--
Exchange-traded	2,871,934	2,871,934	--	--
Money market funds	<u>656,982</u>	<u>656,982</u>	<u>--</u>	<u>--</u>
Subtotal Investments at Fair Value	11,628,158	<u>\$ 11,628,158</u>	<u>\$ --</u>	<u>\$ --</u>
Cash and cash equivalents at cost	<u>321,098</u>			
Total Investments	<u>11,949,256</u>			
Cash equivalents at fair value				
Money market funds	<u>731,569</u>			
Total Assets at Fair Value	<u>\$ 12,680,825</u>			

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 3 – FAIR VALUE MEASUREMENTS (CONTINUED)

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.

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	116,463	192,092
Per-member payments	144,423	84,380
	1,709,818	1,120,314
Less discount to net present value	(11,862)	(32,267)
Less allowance for doubtful receivables	(57,769)	(50,628)
Total	\$ 1,640,187	\$ 1,037,419

Contributions receivable, included in receivables, 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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 5 – RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

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.

In 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 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 liability for the loss on sublease has been included in loss on sublease in the accompanying statements of financial position, and totaled \$248,834 and \$447,902 at June 30, 2023 and 2022, respectively.

During October 2020, LWVUS signed a new operating lease for office space at 1233 20th Street, which expires in September 2032. The new office lease commenced on April 1, 2021, which is when the space was ready for occupancy. As incentives for signing the lease, LWVUS received a rent abatement of 19 months, as well as a tenant improvement allowance of up to \$866,160 for use in building out the office space and for purchasing new furniture. Relating to the tenant improvement allowance, LWVUS acquired leasehold improvements and furniture totaling \$806,097 during the year ended June 30, 2021.

For both of the leases League of Women Voters recorded operating right-of-use assets, net of prepaid lease payments and direct lease incentives, and a lease obligation equal to the present value of the future lease payments due under the terms of the lease. As of June 30, 2023, the operating right-of-use assets, net of accumulated amortization of \$572,886, was \$2,935,862, and the operating lease liabilities were \$4,181,141. The operating right-of-use assets are being amortized on a straight-line basis over the lease term.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

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

The maturities of operating lease liabilities 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	\$ 910,779	\$ (390,084)	\$ 520,695
2025	520,147	(99,109)	421,038
2026	418,454	--	418,454
2027	428,916	--	428,916
2028	439,639	--	439,639
Thereafter	<u>1,994,827</u>	<u>--</u>	<u>1,994,827</u>
Total	4,712,762	(489,193)	4,223,569
Less: Present value discount	<u>(531,621)</u>	<u>--</u>	<u>(531,621)</u>
Lease Liability	<u>\$ 4,181,141</u>	<u>\$ (489,193)</u>	<u>\$ 3,691,948</u>

Operating lease expense totaled \$524,393 and \$319,817 for the years ended June 30, 2023 and 2022, respectively, and is included in occupancy expenses on the accompanying consolidated statements of functional expenses. Sublease income totaled \$335,080 and \$330,531 for the years ended June 30, 2023 and 2022, respectively. Cash paid for operating leases totaled \$874,358 for the year ended June 30, 2023.

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

Weighted average remaining lease term	7.9 years
Weighted average discount rate	2.87%

NOTE 6 – LIQUIDITY AND AVAILABILITY OF RESOURCES

League of Women Voters 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, League of Women Voters receives contributions without donor restrictions; such support has

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 6 – LIQUIDITY AND AVAILABILITY OF RESOURCES (CONTINUED)

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).

League of Women Voters 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 expense related to both program services and supporting services activities.

League of Women Voters 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 League of Women Voters.

League of Women Voters operates on a biennial budget cycle. The Board of Directors 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, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 3,669,926	\$ 7,727,041
Investments	12,270,536	11,949,256
Receivables, net	<u>1,640,187</u>	<u>1,037,419</u>
Subtotal Financial Assets	17,580,649	20,713,716

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 6 – LIQUIDITY AND AVAILABILITY OF RESOURCES (CONTINUED)

	<u>2023</u>	<u>2022</u>
<i>(continued)</i>		
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	<u>(2,256,609)</u>	<u>(1,908,056)</u>
Total	<u>\$ 14,682,962</u>	<u>\$ 18,253,532</u>

NOTE 7 – PROPERTY AND EQUIPMENT

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

	<u>2023</u>	<u>2022</u>
Furniture and equipment	\$ 777,724	\$ 1,082,538
Leasehold improvements	<u>1,187,784</u>	<u>1,187,784</u>
	1,965,508	2,270,322
Less accumulated depreciation and amortization	<u>(1,283,572)</u>	<u>(1,450,190)</u>
Total	<u>\$ 681,936</u>	<u>\$ 820,132</u>

Depreciation and amortization expense totaled approximately \$166,503 and \$220,821 for the years ended June 30, 2023 and 2022, respectively.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

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

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. All of the endowment funds relate to the Education Fund.

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 restriction: (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.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 9 – ENDOWMENTS (CONTINUED)

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.

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.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 9 – ENDOWMENTS (CONTINUED)

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>

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>

**LEAGUE OF WOMEN VOTERS OF THE UNITED STATES
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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, 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 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 consisted of the following for the years ended June 30, 2023 and 2022:

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

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FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 11 – RETIREMENT PLAN

League of Women Voters 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 League of Women Voters 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. League of Women Voters provided contributions to participants in the 401(k) plan which totaled \$320,415 and \$215,161 for the years ended June 30, 2023 and 2022, respectively.

NOTE 12 – ALLOCATION OF JOINT COSTS

League of Women Voters conducts direct mail campaigns that have both a program services component and a fundraising component. As a result, League of Women Voters incurred joint costs totaling \$2,291,041 and \$2,312,244 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:

	<u>2023</u>	<u>2022</u>
Fundraising	\$ 1,719,638	\$ 1,581,410
Communications	<u>571,403</u>	<u>730,834</u>
Total	<u>\$ 2,291,041</u>	<u>\$ 2,312,244</u>

NOTE 13 – COMMITMENTS AND CONTINGENCIES

HOTEL AGREEMENTS

League of Women Voters reserves hotel and related space for its meetings, council and conventions in advance. The contracts stipulate the number of rooms to be reserved and the time period for which they are to be reserved. As of the date of this report, contracts for hotel space had been entered into through June 2024. In the event League of Women Voters were

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 13 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

HOTEL AGREEMENTS (CONTINUED)

to cancel these reservations or fail to use a specified percentage of the total space reserved, League of Women Voters would be required to pay liquidated damages based upon the date the hotel was notified of the cancellation or reduction in requested rooms based upon the hotel's ability to fill the resulting vacancies. Due to numerous variables involved, League of Women Voters' ultimate liability under these contracts cannot be determined. However, management does not believe that any of these commitments will result in a material loss. Accordingly, no amount for this potential liability has been reflected in the accompanying consolidated financial statements.

NOTE 14 – INCOME TAXES

LWVUS is exempt from the payment of income taxes on its exempt activities under Section 501(c)(4) of the Internal Revenue Code (IRC). The Education Fund is exempt from the payment of income taxes on its exempt activities under Section 501(c)(3) of the IRC. 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 League of Women Voters had no significant unrelated business income.

League of Women Voters 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. League of Women Voters 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 League of Women Voters' 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, League of Women Voters had no accruals for interest and/or penalties.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 15 – RECLASSIFICATIONS

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

NOTE 16 – SUBSEQUENT EVENTS

League of Women Voters has evaluated subsequent events through 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.

**LEAGUE OF WOMEN VOTERS OF THE UNITED STATES
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CONSOLIDATING STATEMENT OF FINANCIAL POSITION

JUNE 30, 2023

	LWVUS	Education Fund	Eliminations	Total
Assets				
Cash and cash equivalents	\$ 1,056,870	\$ 2,613,056	\$ --	\$ 3,669,926
Investments	4,674,788	6,997,498	--	11,672,286
Investments restricted for endowments	--	598,250	--	598,250
Receivables, net	155,054	1,485,133	--	1,640,187
Amount due from affiliates	32,553	--	(32,553)	--
Prepaid expense	198,903	19,352	--	218,255
Right-of-use assets	2,644,001	291,861	--	2,935,862
Property and equipment, net	681,936	--	--	681,936
Collection (Note 1)	--	--	--	--
Total Assets	<u>\$ 9,444,105</u>	<u>\$ 12,005,150</u>	<u>\$ (32,553)</u>	<u>\$ 21,416,702</u>
Liabilities and Net Assets				
Liabilities				
Accounts payable and accrued expense	\$ 1,072,564	\$ 617,442	\$ --	\$ 1,690,006
Amount due to affiliates	--	32,553	(32,553)	--
Contract liabilities	31,766	72,062	--	103,828
Amounts held on behalf of state and local leagues	--	641,078	--	641,078
Lease liabilities – operating	3,825,443	355,698	--	4,181,141
Loss on sublease	124,417	124,417	--	248,834
Total Liabilities	<u>5,054,190</u>	<u>1,843,250</u>	<u>(32,553)</u>	<u>6,864,887</u>
Net Assets				
Without donor restrictions	4,389,915	7,905,291	--	12,295,206
With donor restrictions	--	2,256,609	--	2,256,609
Total Net Assets	<u>4,389,915</u>	<u>10,161,900</u>	<u>--</u>	<u>14,551,815</u>
Total Liabilities and Net Assets	<u>\$ 9,444,105</u>	<u>\$ 12,005,150</u>	<u>\$ (32,553)</u>	<u>\$ 21,416,702</u>

See independent auditors' report.

**LEAGUE OF WOMEN VOTERS OF THE UNITED STATES
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CONSOLIDATING STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2023

	LWVUS	Education Fund	Eliminations	Total
Activities Without Donor Restrictions				
Revenue and Support				
Contributions	\$ 4,427,701	\$ 4,971,313	\$ --	\$ 9,399,014
Contributions of nonfinancial assets	--	3,099,095	--	3,099,095
Per-member payments	2,065,410	--	--	2,065,410
Sublease income	167,540	167,540	--	335,080
Interest and dividends, net of fees	117,848	149,340	--	267,188
Mailing list rental income	226,661	--	--	226,661
Publication sales and other income	13,751	176,773	--	190,524
Council and convention	89,653	--	--	89,653
Contributions in lieu of per-member payments	--	52,907	--	52,907
Net assets released from restrictions:				
Satisfaction of time restrictions	--	400,000	--	400,000
Satisfaction of program restrictions	--	732,718	--	732,718
Total Revenue and Support	<u>7,108,564</u>	<u>9,749,686</u>	<u>--</u>	<u>16,858,250</u>
Expenses				
Program services				
Advocacy	950,207	3,383,349	--	4,333,556
Mission impact	984,638	3,024,890	--	4,009,528
Communications	1,523,243	915,834	--	2,439,077
Outcome and evaluation	630,908	593,385	--	1,224,293
Member services	655,770	516,672	--	1,172,442
Council and convention	125,232	311,625	--	436,857
Total Program Services	<u>4,869,998</u>	<u>8,745,755</u>	<u>--</u>	<u>13,615,753</u>
Supporting Services				
Fundraising	3,124,099	957,523	--	4,081,622
General and administrative	1,119,762	788,392	--	1,908,154
Total Supporting Services	<u>4,243,861</u>	<u>1,745,915</u>	<u>--</u>	<u>5,989,776</u>
Total Expenses	<u>9,113,859</u>	<u>10,491,670</u>	<u>--</u>	<u>19,605,529</u>
Change in Net Assets Without Donor Restrictions Before Other Items				
	(2,005,295)	(741,984)	--	(2,747,279)
Net realized and unrealized gain on investments	284,669	348,835	--	633,504
Change in Net Assets Without Donor Restrictions	<u>(1,720,626)</u>	<u>(393,149)</u>	<u>--</u>	<u>(2,113,775)</u>
Activities With Donor Restrictions				
Contributions	--	1,348,843	--	1,348,843
Interest and dividends, net of fees	--	39,699	--	39,699
Net investment gain	--	92,729	--	92,729
Net assets released from restrictions:				
Satisfaction of time restrictions	--	(400,000)	--	(400,000)
Satisfaction of program restrictions	--	(732,718)	--	(732,718)
Change in Net Assets With Donor Restrictions	<u>--</u>	<u>348,553</u>	<u>--</u>	<u>348,553</u>
Change in Net Assets	<u>(1,720,626)</u>	<u>(44,596)</u>	<u>--</u>	<u>(1,765,222)</u>
Net Assets, Beginning of Year	<u>6,110,541</u>	<u>10,206,496</u>	<u>--</u>	<u>16,317,037</u>
Net Assets, End of Year	<u>\$ 4,389,915</u>	<u>\$ 10,161,900</u>	<u>\$ --</u>	<u>\$ 14,551,815</u>

See independent auditors' report.