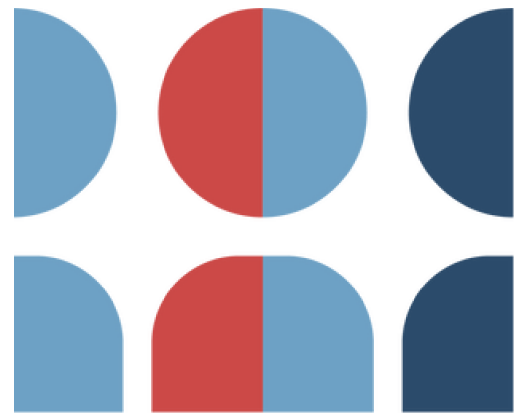


FINANCIAL STATEMENTS



INDIVISIBLE

**FOR THE YEARS ENDED
DECEMBER 31, 2021 AND 2020**

INDIVISIBLE PROJECT

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CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Indivisible Project
Washington, D.C.

Opinion

We have audited the accompanying financial statements of Indivisible Project (the Organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

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

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists.

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MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS' PRIVATE COMPANIES PRACTICE SECTION

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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.

Report on Prior Year Comparative Statements

The financial statements of the Organization for the year ended December 31, 2020 were audited by other auditors, whose report dated July 29, 2021, expressed an unmodified opinion on those statements.

A handwritten signature in cursive script that reads "Gelman Rosenberg & Freedman".

July 26, 2022

INDIVISIBLE PROJECT
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2021 AND 2020

ASSETS		
	<u>2021</u>	<u>2020</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,333,128	\$ 5,207,370
Accounts receivable	2,622,983	-
Management and administrative fees receivable	-	194,854
Other receivable	86,715	7,703
Prepaid expenses	<u>329,882</u>	<u>363,772</u>
Total current assets	<u>4,372,708</u>	<u>5,773,699</u>
FIXED ASSETS		
Property and equipment, net of accumulated depreciation and amortization of \$3,122 and \$43,374 for 2021 and 2020, respectively	<u>71,809</u>	<u>33,128</u>
NONCURRENT ASSETS		
Investments	2,200,376	-
Other assets	<u>35,100</u>	<u>33,415</u>
Total noncurrent assets	<u>2,235,476</u>	<u>33,415</u>
TOTAL ASSETS	<u>\$ 6,679,993</u>	<u>\$ 5,840,242</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 594,904	\$ 706,089
Preimbursement from Related Parties	<u>307,867</u>	<u>328,373</u>
Total liabilities	<u>902,771</u>	<u>1,034,462</u>
NET ASSETS		
Without donor restrictions	5,402,222	4,700,910
With donor restrictions	<u>375,000</u>	<u>104,870</u>
Total net assets	<u>5,777,222</u>	<u>4,805,780</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 6,679,993</u>	<u>\$ 5,840,242</u>

INDIVISIBLE PROJECT

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions	\$ 9,473,042	\$ 475,000	\$ 9,948,042
Investment income, net	200,377	-	200,377
Management and administrative fee income	4,296,163	-	4,296,163
Other revenue	15,014	-	15,014
Net assets released from donor restrictions	<u>204,870</u>	<u>(204,870)</u>	<u>-</u>
Total support and revenue	<u>14,189,466</u>	<u>270,130</u>	<u>14,459,596</u>
EXPENSES			
Program Services:			
Political	50,910	-	50,910
Organizing	4,358,620	-	4,358,620
Policy	1,003,273	-	1,003,273
Communications	2,992,898	-	2,992,898
Data	1,263,173	-	1,263,173
Distributed Fundraising	<u>605,301</u>	<u>-</u>	<u>605,301</u>
Total program services	<u>10,274,175</u>	<u>-</u>	<u>10,274,175</u>
Supporting Services:			
Management and General	1,799,369	-	1,799,369
Development	<u>1,414,610</u>	<u>-</u>	<u>1,414,610</u>
Total supporting services	<u>3,213,979</u>	<u>-</u>	<u>3,213,979</u>
Total expenses	<u>13,488,154</u>	<u>-</u>	<u>13,488,154</u>
Changes in net assets	701,312	270,130	971,442
Net assets at beginning of year	<u>4,700,910</u>	<u>104,870</u>	<u>4,805,780</u>
NET ASSETS AT END OF YEAR	<u>\$ 5,402,222</u>	<u>\$ 375,000</u>	<u>\$ 5,777,222</u>

INDIVISIBLE PROJECT

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Contributions	\$ 4,955,695	\$ 139,000	\$ 5,094,695
Management and administrative fee income	4,185,121	-	4,185,121
Book revenue	76,250	-	76,250
Other revenue	12,615	-	12,615
Investment income, net	9,537	-	9,537
Inventory sales, net of cost of good sales	1,053	-	1,053
Net assets released from donor restrictions	<u>63,276</u>	<u>(63,276)</u>	<u>-</u>
Total support and revenue	<u>9,303,547</u>	<u>75,724</u>	<u>9,379,271</u>
EXPENSES			
Program Services:			
Political	805,993	-	805,993
Organizing	3,711,798	-	3,711,798
Policy	966,465	-	966,465
Communications	1,771,977	-	1,771,977
Data	923,270	-	923,270
Distributed Fundraising	<u>841,215</u>	<u>-</u>	<u>841,215</u>
Total program services	<u>9,020,718</u>	<u>-</u>	<u>9,020,718</u>
Supporting Services:			
Management and General	1,689,227	-	1,689,227
Development	<u>872,241</u>	<u>-</u>	<u>872,241</u>
Total supporting services	<u>2,561,468</u>	<u>-</u>	<u>2,561,468</u>
Total expenses	<u>11,582,186</u>	<u>-</u>	<u>11,582,186</u>
Changes in net assets	(2,278,639)	75,724	(2,202,915)
Net assets at beginning of year	<u>6,979,549</u>	<u>29,146</u>	<u>7,008,695</u>
NET ASSETS AT END OF YEAR	<u>\$ 4,700,910</u>	<u>\$ 104,870</u>	<u>\$ 4,805,780</u>

INDIVISIBLE PROJECT

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

	Program Services						Supporting Services				Total
	Political	Organizing	Policy	Communications	Data	Distributed Fundraising	Total Program Services	Management and General	Development	Total Supporting Services	
Salaries and Benefits											
Salaries	\$ 33,536	\$ 2,824,709	\$ 668,920	\$ 1,147,284	\$ 703,529	\$ 113,612	\$ 5,491,590	\$ 840,060	\$ 671,896	\$ 1,511,956	\$ 7,003,546
Fringe benefits	11,602	1,061,618	196,579	368,589	196,987	31,954	1,867,329	260,846	224,742	485,588	2,352,917
Total salaries and benefits	45,138	3,886,327	865,499	1,515,873	900,516	145,566	7,358,919	1,100,906	896,638	1,997,544	9,356,463
Direct Expenses											
Consultants	441	57,609	44,636	340,280	122,447	5,240	570,653	63,946	99,884	163,830	734,483
List acquisition	-	-	-	118,871	-	-	118,871	-	35,348	35,348	154,219
Direct donate ads	-	-	-	-	-	-	-	-	32,858	32,858	32,858
Media and public engagement	-	31,119	1,023	531,647	85,899	14	649,702	101	58,944	59,045	708,747
Accounting and audit	-	-	-	-	-	-	-	78,099	-	78,099	78,099
Legal fees	135	11,534	2,655	8,118	3,343	1,602	27,387	11,570	3,743	15,313	42,700
Meetings and travel	1,451	64,469	7,907	6,432	10,725	1,154	92,138	25,512	8,474	33,986	126,124
Facilities	1,445	123,682	28,469	87,054	35,844	17,176	293,670	127,189	40,141	167,330	461,000
Software and equipment	103	42,788	27,898	273,448	64,847	1,225	410,309	154,283	23,772	178,055	588,364
Printing and supplies	15	35,581	405	62,677	563	180	99,421	1,776	140,070	141,846	241,267
Grant assistance	385	75,288	18,585	23,195	9,551	400,483	527,487	33,057	10,696	43,753	571,240
Other expenses	1,797	30,223	6,196	25,303	29,438	32,661	125,618	202,930	64,042	266,972	392,590
Total direct expenses	5,772	472,293	137,774	1,477,025	362,657	459,735	2,915,256	698,463	517,972	1,216,435	4,131,691
TOTAL EXPENSES	\$ 50,910	\$ 4,358,620	\$ 1,003,273	\$ 2,992,898	\$ 1,263,173	\$ 605,301	\$ 10,274,175	\$ 1,799,369	\$ 1,414,610	\$ 3,213,979	\$ 13,488,154

See accompanying notes to financial statements.

INDIVISIBLE PROJECT

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

	Program Services						Supporting Services				Total
	Political	Organizing	Policy	Communications	Data	Distributed Fundraising	Total Program Services	Management and General	Development	Total Supporting Services	
Salaries and Benefits											
Salaries	\$186,429	\$2,307,781	\$ 606,643	\$ 910,052	\$ 461,999	\$ 128,176	\$ 4,601,080	\$ 739,542	\$ 555,385	\$ 1,294,927	\$ 5,896,007
Payroll taxes	15,910	197,998	52,531	78,339	39,234	11,071	395,083	62,805	47,447	110,252	505,335
Fringe benefits	47,121	655,160	148,831	220,024	95,735	29,921	1,196,792	172,356	143,930	316,286	1,513,078
Total salaries and benefits	249,460	3,160,939	808,005	1,208,415	596,968	169,168	6,192,955	974,703	746,762	1,721,465	7,914,420
Direct Expenses											
Consultants	6,472	68,433	39,644	135,800	166,126	6,755	423,230	92,493	48,671	141,164	564,394
Media and public engagement	-	85,853	480	104,782	79,750	-	270,865	-	-	-	270,865
Accounting and audit	-	-	-	-	-	-	-	67,500	-	67,500	67,500
Legal fees	3,971	18,289	4,762	8,761	4,549	4,145	44,477	19,406	4,298	23,704	68,181
Meetings and travel	5,480	95,637	19,482	8,042	6,107	1,665	136,413	22,838	7,690	30,528	166,941
Facilities	25,989	119,686	31,163	57,834	29,771	27,125	291,568	126,994	28,125	155,119	446,687
Software and equipment	2,672	56,067	22,740	207,538	25,621	2,777	317,415	134,734	19,831	154,565	471,980
Printing and supplies	208	8,440	406	11,685	817	217	21,773	1,130	998	2,128	23,901
Grants and assistance	500,274	44,063	25,328	604	314	581,955	1,152,538	1,343	296	1,639	1,154,177
Other expenses	11,467	54,391	14,455	28,516	13,247	47,408	169,484	248,086	15,570	263,656	433,140
Total direct expenses	556,533	550,859	158,460	563,562	326,302	672,047	2,827,763	714,524	125,479	840,003	3,667,766
TOTAL EXPENSES	\$805,993	\$3,711,798	\$ 966,465	\$ 1,771,977	\$ 923,270	\$ 841,215	\$ 9,020,718	\$ 1,689,227	\$ 872,241	\$ 2,561,468	\$11,582,186

See accompanying notes to financial statements.

INDIVISIBLE PROJECT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 971,442	\$ (2,202,915)
Adjustments to reconcile changes in net assets to net cash (used) provided by operating activities:		
Depreciation and amortization	25,259	30,867
Unrealized gain	(200,406)	-
Realized loss	2,518	-
Loss on on disposal of assets	10,992	-
(Increase) decrease in:		
Accounts receivable	(2,622,983)	-
Other receivable	(79,012)	63,499
Grants and contribution receivable	-	1,013,451
Management and administrative fees receivable	194,854	1,103,997
Receivable from Indivisible Action	-	369,537
Prepaid expenses	33,890	47,707
Other assets	(1,685)	2,857
(Decrease) increase in:		
Accounts payable and accrued liabilities	(111,185)	167,986
Deferred rent abatement	<u>(20,506)</u>	<u>328,373</u>
Net cash (used) provided by operating activities	<u>(1,796,822)</u>	<u>925,359</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of fixed assets	(74,932)	-
Purchase of investments	(4,400,880)	-
Proceeds from sale of investments	<u>2,398,392</u>	<u>-</u>
Net cash used by investing activities	<u>(2,077,420)</u>	<u>-</u>
Net (decrease) increase in cash and cash equivalents	(3,874,242)	925,359
Cash and cash equivalents at beginning of year	<u>5,207,370</u>	<u>4,282,011</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,333,128</u>	<u>\$ 5,207,370</u>
SUPPLEMENTAL INFORMATION:		
Taxes Paid	<u>\$ -</u>	<u>\$ 5,996</u>

INDIVISIBLE PROJECT

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

Indivisible Project (the Organization) is a 501(c)(4) nonprofit organization incorporated in January 2017 in the District of Columbia. The Organization was established to lift up a grassroots movement of local volunteer-led groups, elect progressive leaders, and realize bold progressive policies. The Organization supports local Indivisible groups by offering legislative advocacy and political expertise on the local, state, and national levels and by building political power everywhere. The programmatic activities that support the Organization's overall mission are tracked in the following categories: political, organizing, policy, communications, data, and distributed fundraising. The Organization's main source of revenue is contributions from foundations and individuals.

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories are as follows:

- **Net Assets without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions". Assets restricted solely through the actions of the Board are referred to as Board designated and are also reported as net assets without donor restrictions.
- **Net Assets with Donor Restrictions** - Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in "net assets with donor restrictions", depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statements of Activities and Changes in Net Assets as net assets released from donor restrictions. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service.

Cash and cash equivalents -

The Organization considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents except cash and cash equivalents held in the investment portfolio in the amount of \$75,740 at December 31, 2021. Bank deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a limit of \$250,000. At times during the year, the Organization maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

Investments -

Investments are recorded at their readily determinable fair value. Interest, dividends, realized and unrealized gains and losses are included in investment income, which is presented net of investment expenses paid to external investment advisors, in the accompanying Statements of Activities and Changes in Net Assets.

INDIVISIBLE PROJECT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)

Investments (continued) -

Investments acquired by gift are recorded at their fair value at the date of the gift. The Organization's policy is to liquidate all gifts of investments as soon as possible after the gift.

Receivables -

Receivables are recorded at their net realizable value, which approximates fair value. Management considers all amounts to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established.

Fixed assets -

Fixed assets in excess of \$5,000 are capitalized and stated at cost. Fixed assets are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally five years. The cost of maintenance and repairs is recorded as expenses are incurred. Depreciation and amortization expense for the years ended December 31, 2021 and 2020 totaled \$25,259 and \$30,867, respectively.

Impairment of long-lived assets -

Management reviews asset carrying amounts whenever events or circumstances indicate that such carrying amounts may not be recoverable. When considered impaired, the carrying amount of the assets is reduced, by a charge to the Statements of Activities and Changes in Net Assets, to its current fair value.

Income taxes -

The Organization is exempt from Federal income taxes under Section 501(c)(4) of the Internal Revenue Code and is classified as an organization other than a private foundation. The Organization did not have a liability for unrelated business income taxes for the years ended December 31, 2021 and 2020. The Organization is required to file Form 1120-POL, and management recorded a provision for the related tax for the years ended December 31, 2021 and 2020.

Uncertain tax positions -

For the years ended December 31, 2021 and 2020, the Organization has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements.

Revenue -

Contributions -

The Organization receives contributions, including unconditional promises to give, from many sources as well as grants from the U.S. Government, organizations and other entities. Contributions and grants are recognized in the appropriate category of net assets in the period received.

INDIVISIBLE PROJECT

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Revenue (continued) -

Contributions (continued) -

The Organization performs an analysis of the individual contribution and grant to determine if the revenue streams follow the contribution rules or if they should be recorded as an exchange transaction depending upon whether the transactions are deemed nonreciprocal or reciprocal under ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*.

For contributions and grants qualifying under the contribution rules, revenue is recognized upon notification of the award and satisfaction of all conditions, if applicable. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions that are unconditional that have donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions; such funds in excess of expenses incurred are shown as net assets with donor restrictions in the accompanying financial statements.

Contributions and grants qualifying as conditional contributions contain a right of return and a barrier. Revenue is recognized when the condition or conditions are satisfied. Most grants and awards are for direct and indirect program costs. These transactions are nonreciprocal and recognized as contributions when the revenue becomes unconditional.

Funds received in advance of the incurrence of qualifying expenditures are recorded as a refundable advance. The Organization had no unrecognized conditional awards as of December 31, 2021 and 2020.

Contracts and program revenue -

Contracts and program revenues are classified as exchange transactions following ASU 2014-09, *Revenue from Contracts With Customers*. Revenue is recorded at a point in time when the performance obligations are met. The Organization has elected to opt out of all (or certain) disclosures not required for nonpublic entities. Transaction price is based on cost. Funding received in advance of satisfying performance obligations are recorded as deferred revenue.

Sources of revenue from contracts include management and administrative fee income, which is received from the Organization's related parties, and book revenue, as shown on the statements of activities. Performance obligations for both management and administrative fee income are satisfied over time. Management and administrative fee income is recognized on a monthly basis because the related party receives the benefits on an ongoing basis. Payment is due when billed to the related party. The administrative fee is variable consideration, as the rate changes based on the overhead rate for each year. See Notes 3 and 4 for an explanation of how the administrative fees were calculated for December 31, 2021 and 2020.

Book revenue consists of both fixed consideration and variable consideration. The fixed consideration is recognized when certain contract provisions related to the book publishing are met, and payment is due at that time.

INDIVISIBLE PROJECT

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Revenue (continued) -

Contracts and program revenue (continued) -

The variable consideration relates to sales-based royalties and is paid by the publisher twice per year. For the years ended December 31, 2021 and 2020, management recorded revenue for the fixed consideration performance obligations that were met by December 31, 2020 and 2019, respectively, but they were unable to estimate any variable consideration royalties due by year-end.

Use of estimates -

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses -

The costs of program and supporting services have been summarized on a functional basis in the statements of activities. The Statements of Functional Expenses present the natural classification detail of expenses by function. Expenses are charged to programs and supporting services based on a combination of specific identification and allocation by management. Certain categories of expenses are attributed to more than one function and have been allocated on a reasonable basis that is consistently applied. Expenses that are reallocated on a time-and-effort basis include salaries, payroll taxes and benefits, professional fees, meetings and travel, facilities, software and equipment, printing and supplies, and other expenses.

Risks and uncertainties -

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

Fair value measurement -

The Organization adopted the provisions of FASB ASC 820, *Fair Value Measurement*. FASB ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs (assumptions that market participants would use in pricing assets and liabilities, including assumptions about risk) used to measure fair value, and enhances disclosure requirements for fair value measurements. The Organization accounts for a significant portion of its financial instruments at fair value or considers fair value in their measurement.

New accounting pronouncements not yet adopted -

ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, improves generally accepted accounting principles (GAAP) by increasing the transparency of contributed nonfinancial assets for not-for-profit (NFP) entities through enhancements to presentation and disclosure.

INDIVISIBLE PROJECT

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

New accounting pronouncements not yet adopted (continued) -

The amendments in this update address certain stakeholders' concerns about the lack of transparency relating to the measurement of contributed nonfinancial assets recognized by NFPs, as well as the amount of those contributions used in a NFP's programs and other activities. The ASU should be applied on a retrospective basis and is effective for annual periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. Early adoption is permitted. The amendment will not change the recognition and measurement requirements for those contributed nonfinancial assets.

ASU 2019-01, *Leases* (Topic 842), changes the accounting treatment for operating leases by requiring recognition of a lease asset and lease liability at the present value of the lease payments in the Statements of Financial Position and disclosure of key information about leasing arrangements. During 2020, the FASB issued ASU 2020-05 and delayed the implementation date by one year. The ASU is effective for non public entities for fiscal years beginning after December 15, 2021. Early adoption is still permitted. The ASU can be applied at the beginning of the earliest period presented using a modified retrospective approach or applied at the beginning of the period of adoption recognizing a cumulative-effect adjustment.

The Organization plans to adopt the new ASUs at the required implementation date and management is currently in the process of evaluating the adoption method and the impact of the new standard on its accompanying financial statements.

2. INVESTMENTS

Investments consisted of the following as of December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
	<u>Fair Value</u>	<u>Fair Value</u>
Money market	\$ 75,740	\$ -
Equity	1,235,943	-
Fixed income	837,131	-
Other	<u>51,562</u>	<u>-</u>
TOTAL INVESTMENTS	<u>\$ 2,200,376</u>	<u>\$ -</u>

Included in investment income, net are the following:

	<u>2021</u>	<u>2020</u>
Interest and dividends, net of fees	\$ 2,489	\$ 9,537
Unrealized gain	200,406	-
Realized loss	<u>(2,518)</u>	<u>-</u>
TOTAL INVESTMENT INCOME, NET OF INVESTMENT EXPENSES	<u>\$ 200,377</u>	<u>\$ 9,537</u>

INDIVISIBLE PROJECT

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

3. FIXED ASSETS

Fixed assets consisted of the following at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Property and equipment	\$ 74,931	\$ 76,502
Less: Accumulated depreciation and amortization	<u>(3,122)</u>	<u>(43,374)</u>
NET FIXED ASSETS	<u>\$ 71,809</u>	<u>\$ 33,128</u>

4. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Subject to expenditure for specified purpose	\$ -	\$ 104,870
Subject to passage of time	<u>375,000</u>	<u>-</u>
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	<u>\$ 375,000</u>	<u>\$ 104,870</u>

The following net assets with donor restrictions were released from donor restrictions by incurring expenses (or through the passage of time) which satisfied the restricted purposes specified by the donors:

	<u>2021</u>	<u>2020</u>
Purpose Restrictions Accomplished	<u>\$ 204,870</u>	<u>\$ 63,276</u>

5. LIQUIDITY AND AVAILABILITY

Financial assets available for use for general expenditures within one year of the Statements of Financial Position date comprise the following:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 1,333,128	\$ 5,207,370
Accounts receivable	2,622,983	-
Management and administrative fees receivable	-	194,854
Other receivable	<u>86,715</u>	<u>7,703</u>
Subtotal financial assets available within one year	4,042,826	5,409,927
Less: Donor restricted funds	<u>-</u>	<u>(104,870)</u>
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	<u>\$ 4,042,826</u>	<u>\$ 5,305,057</u>

6. COMMITMENTS

Office Space

In March 2018, the Organization signed a three-year services agreement for an office space with an anticipated move-in date of July 1, 2018. In June 2018, the Organization signed an addendum to that agreement that pushed back the anticipated move-in date to September 24, 2018 and included credits for September through December 2018. The monthly fee, not including the credits, was \$29,500 through June 2019.

INDIVISIBLE PROJECT

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

6. COMMITMENTS (Continued)

Office Space (continued)

In July 2019, the fee increased to \$31,000, as a private office space was added to the agreement. The base fee also increased by \$425 per month in years two and three of the agreement. The first increase occurred in October 2019 and lasted through December 2019, when a new agreement was signed. Starting January 1, 2020, the base fee was \$37,000, with a \$425 increase as of October 1, 2020. Upon expiration of the lease in September 2021, the Organization entered into a 12 month office lease for the period of September 1, 2021 to August 31, 2022 at a monthly rate of \$2,240. The lease provided for rent abatement of \$2,240 per month for the first two months, and \$448 per month thereafter. Rent expense for the years December 31, 2021 and 2020 was \$317,194 and \$306,468, respectively.

Software Contracts

Software contracts and agreements the Organization has contracts and agreements with various software providers for a range of software services. Some agreements are automatically renewed each month until the Organization provides a notice offer nomination, and other contracts with formal end dates extend into 2022.

7. RETIREMENT PLAN

The Organization maintains a 401(k) defined contribution plan that covers all regular full-time employees who have completed at least 90 days of employment. Employees are automatically enrolled with a 3-percent employee contribution unless they choose to opt out or change their personal contribution level. The Organization provides matching funds for each employee dollar contributed, up to a maximum employer contribution of 5 percent each year. Retirement plan expenses of \$297,715 and \$172,839 are included with benefits on the Statements of Functional Expenses for the years ended December 31, 2021 and 2020.

8. CONCENTRATION OF REVENUE

Approximately 18 percent of the Organization's revenue for the year ended December 31, 2021 was derived from one donor. During 2020, the Organization received 16 percent of its revenue from one donor.

9. RELATED PARTY

Relationship with Indivisible Civics

Indivisible Project has a related-party relationship with its affiliated 501(c)(3) organization named Indivisible Civics, which was established to educate and empower civic leaders at the community level across the country. The relationship does not require consolidation under U.S. GAAP, as both control and economic interest do not exist between the two organizations.

In September 2017, Indivisible Project entered into a shared services agreement with Indivisible Civics. The agreement automatically renews on an annual basis and was in effect through the report date. Under the agreement, Indivisible Project recognizes expenses for both organizations, including salaries, benefits, and other programmatic and administrative costs, and then charges Indivisible Civics a management fee equal to the portion of the total costs that are allocated to Indivisible Civics. The management fee totaled \$3,500,882 and \$2,851,809 for the years ended December 31, 2021 and 2020. For Indivisible Project, these amounts are included as both income and expense on the Statements of Activities and Changes in Net Assets.

INDIVISIBLE PROJECT

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

9. RELATED PARTY (Continued)

Relationship with Indivisible Civics (continued)

Indivisible Project also charges Indivisible Civics an additional fee for the administration of the shared services agreement. The fee was 13.18% and 11.9% of Indivisible Civics's total expenses, excluding the management and administrative fees for the fiscal years ended December 31, 2021 and 2020, respectively. The administrative fee totaled \$547,213 and \$350,000 for the years ended December 31, 2021 and 2020. For Indivisible Project, these amounts are included as income on the Statements of Activities and Changes in Net Assets.

Relationship with Indivisible Action

Indivisible Project has a related-party relationship with a Federal hybrid political action committee (PAC) named Indivisible Action. The relationship does not require consolidation under U.S. GAAP, as both control and economic interest do not exist between the two organizations.

In May 2018, Indivisible Project entered into a resource sharing agreement with Indivisible Action. The agreement details the manner in which shared expenses can be reimbursed from Indivisible Action to Indivisible Project or contributed from Indivisible Project to Indivisible Action. The expenses generally fall under a reimbursement scenario, except that Indivisible Action has prepaid an amount to Indivisible Project for the expenses it expects to spend within a certain timeframe.

During the years ended December 31, 2021 and 2020, Indivisible Action reimbursed Indivisible Project a total of \$1,100,000 and \$4,000,000, respectively, and Indivisible Project charged \$1,278,255 and \$3,302,089 during 2020 and 2019, respectively, of costs against those amounts. The remainder is reported as a reimbursement or receivable from related parties on the statements of financial position. Additionally, during the year ended December 31, 2020, Indivisible Project made in-kind contributions totaling \$1,494,218 for salaries, payroll taxes and fringe benefits to Indivisible Action. These expenses are included on the accompanying Statement of Functional Expenses in the appropriate natural accounts.

Indivisible Project also charges Indivisible Action an administrative fee as part of the shared services agreement. For the years ended December 31, 2021 and 2020, the fee was \$247,212 using 13.18% as the rate and \$983,312 using 11.9% as the rate, respectively. For Indivisible Project, these amounts are included as income on the Statements of Activities and Changes in Net Assets.

10. DISTRIBUTED FUNDRAISING PROGRAMS

Indivisible Project provides strategic guidance, training, and tools to local groups throughout the country to help them participate in civic engagement and advocacy work at the local, state, and federal level. One of Indivisible Project's methods for accomplishing this mission is through the distributed fundraising program, which began in late 2017 and is a streamlined process for groups to manage costs associated with their activism. As part of this process, Indivisible Project provides groups with a fundraising community page, a debit card, brief written guidance on the basics of fundraising, access to information about potential donors in their area, and a system for reporting the group's spending. The fundraising community pages state that the donations are for the benefit of Indivisible Project and will be used by the local group; therefore the revenue received through the distributed fundraising program has been included as contributions on the accompanying statements of activities for the years ended December 31, 2021 and 2020. According to the distributed fundraising agreement, any funds that are unused or forfeited by the local group return to Indivisible Project for use in its general operations.

INDIVISIBLE PROJECT

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

10. DISTRIBUTED FUNDRAISING PROGRAMS (Continued)

The primary expenses for the distributed fundraising program are grants made by Indivisible Project to the local groups via a prepaid debit card. All funds raised for a local group are granted to the local group, minus a 10-percent fee that Indivisible Project charges for costs related to administering the program. Each month, the treasurer of the local group sends a report to Indivisible Project to detail the local group's spending and check for compliance with the distributed fundraising agreement. The local groups primarily spend their funds on public education, voter education, local-group building, and some independent political spending on Federal elections. These activities are in line with Indivisible Project's own programmatic activities and the mission of the organization; therefore the grant expenses and related costs for the distributed fundraising program have been reported a program activity rather than as a fundraising activity.

11. FAIR VALUE MEASUREMENT

In accordance with FASB ASC 820, *Fair Value Measurement*, the Organization has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Investments recorded in the Statements of Financial Position are categorized based on the inputs to valuation techniques as follows:

Level 1. These are investments where values are based on unadjusted quoted prices for identical assets in an active market the Organization has the ability to access.

Level 2. These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

Level 3. These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the methodologies used as of December 31, 2021.

- *Money Market Funds* - The money market fund is an open-end mutual fund that is registered with the Securities and Exchange Commission and is deemed to be actively traded.
- *Equities* - Valued at the closing price reported on the active market in which the individual securities are traded.
- *Mutual Funds* - Valued at the daily closing price as reported by the fund. Mutual funds held are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.
- *Corporate Debt, U.S. Agency Bonds, Mortgage-Backed Securities* - Fair value is based upon current yields available on comparable securities of issuers with similar ratings, the security's terms and conditions, and interest rate and credit risk.

INDIVISIBLE PROJECT

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

11. FAIR VALUE MEASUREMENT (Continued)

The table below summarizes, by level within the fair value hierarchy, the Organization's investments as of December 31, 2021.

	Level 1	Level 2	Level 3	Total December 31, 2021
Investments:				
Money market	\$ 75,740	\$ -	\$ -	\$ 75,740
Equity	1,235,943	-	-	1,235,943
Fixed income	-	837,131	-	837,131
Other	<u>51,562</u>	<u>-</u>	<u>-</u>	<u>51,562</u>
TOTAL	<u>\$ 1,363,245</u>	<u>\$ 837,131</u>	<u>\$ -</u>	<u>\$ 2,200,376</u>

12. SUBSEQUENT EVENTS

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through July 26, 2022, the date the financial statements were issued.