



ISSUE ONE

FINANCIAL STATEMENTS

JUNE 30, 2022





ISSUE ONE

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2022 AND 2021

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Issue One

Opinion

We have audited the accompanying financial statements of Issue One (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years 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 Issue One as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

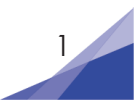
Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Issue One and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Issue One'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 Audits of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Issue One'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 Issue One'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.

CaliberCPAGroup, PLLC

Bethesda, MD
February 10, 2023



ISSUE ONE

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 5,729,308	\$ 3,531,625
Contributions receivable	576,270	1,314,400
Due from affiliate	892	-
Prepaid expenses	<u>15,234</u>	<u>34,759</u>
Total current assets	6,321,704	4,880,784
Noncurrent assets		
Contributions receivable, net of current portion	-	400,000
Property and equipment, net	38,248	69,401
Security deposit	<u>49,237</u>	<u>49,237</u>
Total assets	<u>\$ 6,409,189</u>	<u>\$ 5,399,422</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 356,036	\$ 117,256
Due to affiliate	-	143
Accrued vacation	64,210	45,976
Deferred lease incentives	<u>-</u>	<u>43,446</u>
Total current liabilities	420,246	206,821
Noncurrent liabilities		
Deferred lease incentives, net of current portion	<u>116,542</u>	<u>20,755</u>
Total liabilities	<u>536,788</u>	<u>227,576</u>
Net assets		
Without donor restrictions		
Designated	800,000	800,000
Undesignated	<u>3,824,166</u>	<u>3,070,360</u>
Total without donor restrictions	4,624,166	3,870,360
With donor restrictions	<u>1,248,235</u>	<u>1,301,486</u>
Total net assets	<u>5,872,401</u>	<u>5,171,846</u>
Total liabilities and net assets	<u>\$ 6,409,189</u>	<u>\$ 5,399,422</u>

See accompanying notes to financial statements.

ISSUE ONE

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2022 AND 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue						
Foundations and major donors	\$ 4,863,728	\$ 2,062,123	\$ 6,925,851	\$ 5,217,012	\$ 14,245,093	\$ 19,462,105
Other income	54,947	-	54,947	587	-	587
Loss on transfer of trademark	-	-	-	(25,729)	-	(25,729)
Net assets released from restrictions	<u>2,115,374</u>	<u>(2,115,374)</u>	<u>-</u>	<u>13,767,922</u>	<u>(13,767,922)</u>	<u>-</u>
Total support and revenue	<u>7,034,049</u>	<u>(53,251)</u>	<u>6,980,798</u>	<u>18,959,792</u>	<u>477,171</u>	<u>19,436,963</u>
Expenses						
Program services						
Public Education and Advocacy	2,589,198	-	2,589,198	12,786,508	-	12,786,508
Congressional Leadership and Engagement	1,403,383	-	1,403,383	1,648,691	-	1,648,691
Field Capacity Building	<u>692,170</u>	<u>-</u>	<u>692,170</u>	<u>835,180</u>	<u>-</u>	<u>835,180</u>
Total program services	<u>4,684,751</u>	<u>-</u>	<u>4,684,751</u>	<u>15,270,379</u>	<u>-</u>	<u>15,270,379</u>
Supporting services						
Management and general	973,868	-	973,868	557,368	-	557,368
Fund raising	<u>621,624</u>	<u>-</u>	<u>621,624</u>	<u>495,630</u>	<u>-</u>	<u>495,630</u>
Total supporting services	<u>1,595,492</u>	<u>-</u>	<u>1,595,492</u>	<u>1,052,998</u>	<u>-</u>	<u>1,052,998</u>
Total expenses	<u>6,280,243</u>	<u>-</u>	<u>6,280,243</u>	<u>16,323,377</u>	<u>-</u>	<u>16,323,377</u>
Change in net assets	753,806	(53,251)	700,555	2,636,415	477,171	3,113,586
Net assets						
Beginning of year	<u>3,870,360</u>	<u>1,301,486</u>	<u>5,171,846</u>	<u>1,233,945</u>	<u>824,315</u>	<u>2,058,260</u>
End of year	<u>\$ 4,624,166</u>	<u>\$ 1,248,235</u>	<u>\$ 5,872,401</u>	<u>\$ 3,870,360</u>	<u>\$ 1,301,486</u>	<u>\$ 5,171,846</u>

See accompanying notes to financial statements.

ISSUE ONE

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2022

	Program Services						Fund Raising	Common Costs	Total
	Public Education and Advocacy	Congressional Leadership and Engagement	Field Capacity Building	Total	Management and General	Total			
Salaries and fringe benefits	\$ 1,059,035	\$ 135,458	\$ 51,281	\$ 1,245,774	\$ 485,698	\$ 437,111	\$ 22,786	\$ 2,191,369	
Communications	111,989	31,605	51,258	194,852	1,884	37,627	29,569	263,932	
Consulting services	131,456	1,045,988	243,739	1,421,183	104,954	44,492	2,557	1,573,186	
Equipment and furnishings	30	-	15,666	15,696	790	-	29,033	45,519	
Grant awards	-	90,000	-	90,000	-	-	-	90,000	
Occupancy and operating	3,933	2,636	12,040	18,609	167,085	1,783	249,901	437,378	
Professional services	1,062,657	24,102	297,531	1,384,290	123,068	11,758	19,624	1,538,740	
Travel costs	17,775	44,081	9,311	71,167	11,742	16,758	43,503	143,170	
Allocation of common costs	202,323	29,513	11,344	243,180	78,647	72,095	(393,922)	-	
Allocation of common costs to related organization	-	-	-	-	-	-	(3,051)	(3,051)	
	<u>\$ 2,589,198</u>	<u>\$ 1,403,383</u>	<u>\$ 692,170</u>	<u>\$ 4,684,751</u>	<u>\$ 973,868</u>	<u>\$ 621,624</u>	<u>\$ -</u>	<u>\$ 6,280,243</u>	

See accompanying notes to financial statements.

ISSUE ONE

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2021

	Program Services						Total	Fund Raising	Common Costs	Total
	Public Education and Advocacy	Congressional Leadership and Engagement	Field Capacity Building	Management and General						
Salaries and fringe benefits	\$ 964,975	\$ 361,849	\$ 507,423	\$ 335,622	\$ 380,014	\$ 2,575,711	\$ 25,828	\$ 2,575,711		
Communications	310,581	30,550	103,251	1,950	38,925	491,604	6,347	491,604		
Consulting services	323,643	1,148,311	94,210	52,249	8,616	1,634,506	7,477	1,634,506		
Equipment and furnishings	-	-	17,679	99	-	32,576	14,798	32,576		
Occupancy and operating	11,588	972	100,327	42,459	3,319	403,583	244,918	403,583		
Professional services	11,041,347	28,456	3,964	76,971	9,305	11,170,384	10,341	11,170,384		
Travel costs	833	2,935	55	1,491	2,275	15,598	8,009	15,598		
Allocation of common costs	133,541	75,618	8,271	46,527	53,176	-	(317,133)	-		
Allocation of common costs to related organization	-	-	-	-	-	-	(585)	(585)		
	<u>\$ 12,786,508</u>	<u>\$ 1,648,691</u>	<u>\$ 835,180</u>	<u>\$ 557,368</u>	<u>\$ 495,630</u>	<u>\$ 15,270,379</u>	<u>\$ -</u>	<u>\$ 16,323,377</u>		

See accompanying notes to financial statements.



ISSUE ONE

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
Change in net assets	\$ 700,555	\$ 3,113,586
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	31,153	31,493
Loss on transfer of trademark	-	25,729
Changes in assets		
Contributions receivable	1,138,130	(1,078,032)
Due from affiliate	(892)	11,944
Prepaid expenses	19,525	(26,441)
Changes in liabilities		
Accounts payable	238,780	7,914
Due to affiliate	(143)	143
Accrued vacation	18,234	(36,323)
Refundable advance	-	(53,655)
Deferred lease incentives	<u>52,341</u>	<u>(34,760)</u>
Net cash provided by operating activities	<u>2,197,683</u>	<u>1,961,598</u>
Cash flows from investing activities		
Capitalized trademark costs	-	(8,741)
Purchases of property and equipment	<u>-</u>	<u>(18,750)</u>
Net cash used for investing activities	<u>-</u>	<u>(27,491)</u>
Net change in cash and cash equivalents	2,197,683	1,934,107
Cash and cash equivalents		
Beginning of year	<u>3,531,625</u>	<u>1,597,518</u>
End of year	<u>\$ 5,729,308</u>	<u>\$ 3,531,625</u>

See accompanying notes to financial statements.



ISSUE ONE

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2022 AND 2021

NOTE 1. ORGANIZATION AND NATURE OF OPERATIONS

Issue One (the Organization) is a nonprofit advocacy organization that advances political reforms that strengthen democracy. We unite Republicans, Democrats, and Independents in the movement to increase transparency, strengthen ethics and accountability, reduce the influence of big money in politics, and to protect U.S. elections. We are dedicated to building a cross partisan movement, educating the public and decision-makers on Capitol Hill, and passing bipartisan legislation.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The accompanying financial statements of Issue One have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. Accordingly, revenues from exchange transactions are recognized when earned, contribution revenues are recognized when received, and expenses are recognized when incurred.

Financial Statement Presentation - Financial statement presentation follows the recommendations of U.S. generally accepted accounting principles in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC), *Not-for-Profit Entities - Presentation of Financial Statements*. Under those principles, the Organization is required to report information regarding its financial position and activities according to two classes of net assets:

Net assets without donor restrictions - These net assets are available to finance the general operations of the Organization. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, and the purposes specified in its organizing documents.

Net assets with donor restrictions - These net assets result from contributions and other inflows of assets, the use of which by the Organization is limited by donor-imposed time or purpose restrictions that are either temporary or perpetual. As of June 30, 2022 and 2021, the Organization had no net assets subject to perpetual donor restrictions.



NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tax-Exempt Status - Issue One is exempt from Federal income taxes as a public charity described in Section 501(c)(3) of the Internal Revenue Code based on a determination letter received from the Internal Revenue Service dated March 3, 2014.

Issue One accounts for income taxes in accordance with the ASC Topic *Income Taxes*. These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition and derecognition of tax positions taken or expected to be taken in a tax return. The management of Issue One performed an evaluation of uncertain tax positions for the years ended June 30, 2022 and 2021, and determined that there were no matters that would require recognition in the financial statements or that may have an effect on its tax-exempt status. It is the Organization's policy to recognize interest and/or penalties related to uncertain tax positions, if any, in unrelated business income tax expense.

Issue One files Federal Form 990, *Return of Organization Exempt From Income Tax*, and its state equivalents. These returns are subject to examination, generally for three years after they have been filed.

Cash Equivalents - For reporting purposes, the Organization considers all investments with original maturities of three months or less to be cash equivalents.

Contributions Receivable - Unconditional promises to give that are expected to be collected within one year are reported at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are generally reported at fair value, which is measured as the net present value of their expected future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received, and amortization of the discounts is included in contribution revenue. For the years ended June 30, 2022 and 2021, such discounts were not considered material to the financial statements and so were not recorded. Management evaluated the collectability of all contributions receivable and determined that no allowance for uncollectible amounts was necessary at June 30, 2022 and 2021.

Short-Term Investments - Issue One at times receives gifts of donated securities. Such securities are held temporarily in a brokerage account until they can be sold, and the proceeds transferred to an operating cash account. The fair value is based on the published closing price of the securities as reported on a national exchange.

Property and Equipment - Office furniture, equipment, and website development costs are capitalized at cost or fair value at date of gift (if donated), and depreciated on a straight-line basis over their estimated useful lives, generally five years. Leasehold improvements are capitalized and depreciated or amortized over the shorter of their estimated useful lives or the terms of the respective leases.



NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Intangible Assets - Trademarks are capitalized at cost or fair value, and amortized on a straight-line basis over their estimated useful lives, dependent on the offer period.

Revenue Recognition - Revenue is derived principally from contribution transactions. Unconditional contributions are recognized upon receipt of cash or other assets, or when a donor promises to transfer cash or other assets in the future. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return or release, are not recognized until the conditions on which they depend have been substantially met.

Contributions received are reported as increases in net assets without donor restrictions unless received with donor stipulations that require the assets be used for specific purposes or in specific time periods. All donor-restricted contributions are reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Functional Allocation of Expenses - The costs of providing the various programs and supporting activities of the Organization have been summarized on a functional basis in the statements of activities and functional expenses. Costs that can be specifically identified with a final cost objective are charged directly to that activity. Other costs are allocated among the program and supporting services benefited based on management's best estimates. Salaries and related fringe benefits are allocated based on employee time and effort studies. Information technology costs are allocated based on the relative benefit of related activity use. Other common costs such as occupancy, depreciation and related infrastructure costs are allocated based on employee time and effort studies

Use of Estimates - The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 3. DUE TO/FROM AFFILIATE

Issue One shares resources with Issue One Action, an independent and autonomous organization with overlapping governing board members. Shared resources include but are not limited to salaries and benefits, occupancy, and communications. The cost of these shared resources is paid for by Issue One and then allocated to Issue One Action on the basis of time and resource utilization studies. Total expenses allocated to Issue One Action were \$3,046 and \$13,432 for the years ended June 30, 2022 and 2021, respectively.

NOTE 3. DUE TO/FROM AFFILIATE (CONTINUED)

Issue One Action owed Issue One \$892 as of June 30, 2022, and Issue One owed Issue One Action \$143 as of June 30, 2021, in connection with these shared expenses. In addition, during the year ended June 30, 2022, Issue One made a grant to Issue One Action in the amount of \$90,000.

NOTE 4. CONTRIBUTIONS RECEIVABLE

Contributions receivable as of June 30, 2022 and 2021, are due as follows:

	<u>2022</u>	<u>2021</u>
Due in less than one year	\$ 576,270	\$ 1,314,400
Due in one to five years	<u>-</u>	<u>400,000</u>
	<u>\$ 576,270</u>	<u>\$ 1,714,400</u>

NOTE 5. LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization has the ability, upon approval by the Executive Committee of the Board of Directors, to access amounts designated to help meet unexpected cash flow challenges in the amount of \$800,000 as of June 30, 2022 and 2021. The following table represents Issue One's financial assets available to meet cash needs for general expenditures within one year of June 30, 2022 and 2021.

	<u>2022</u>	<u>2021</u>
Total financial assets at end of year		
Cash and cash equivalents	\$ 5,729,308	\$ 3,531,625
Contributions receivable	576,270	1,714,400
Due from affiliate	<u>892</u>	<u>-</u>
	6,306,470	5,246,025
Less amounts not available for general expenditures coming due within one year		
Amounts subject to donor purpose restrictions	(648,235)	(101,486)
Amounts subject to donor time restrictions	-	(600,000)
Board designated amounts	<u>(800,000)</u>	<u>(800,000)</u>
Total financial assets available for general expenditures coming due within one year	<u>\$ 4,858,235</u>	<u>\$ 3,744,539</u>

NOTE 6. PROPERTY AND EQUIPMENT

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

	<u>2022</u>	<u>2021</u>
Furniture and equipment	\$ 144,256	\$ 144,256
Leasehold improvements	56,221	56,221
Software	62,922	62,922
Website development	18,750	18,750
	<u>282,149</u>	<u>282,149</u>
Less: accumulated depreciation and amortization	<u>(243,901)</u>	<u>(212,748)</u>
	<u>\$ 38,248</u>	<u>\$ 69,401</u>

NOTE 7. DESIGNATED NET ASSETS

Issue One's Board of Directors has designated a portion of net assets without donor restrictions to be held in reserve to meet any potential serious, unexpected cash flow challenges. Expenditures must be approved by the Executive Committee of the Board. The amounts so designated as of June 30, 2022 and 2021 were \$800,000.

NOTE 8. NET ASSETS WITH TEMPORARY DONOR RESTRICTIONS

Net assets subject to temporary donor restrictions and changes therein as of and for the year ended June 30, 2022 were subject to restriction as follows:

	<u>2022</u>			
	<u>Beginning of Year</u>	<u>New Contributions</u>	<u>Net Assets Released</u>	<u>End of Year</u>
Public Education and Advocacy				
A More Perfect Union	\$ -	\$ 395,100	\$ 264,033	\$ 131,067
Council for Responsible Social Media	-	250,000	103,029	146,971
Count Every Vote	7,373	-	7,373	-
Keseb	-	280,000	53,255	226,745
Congressional Leadership and Engagement				
Rebuild Congress Initiative	51,444	1,082,023	1,019,117	114,350
Field Capacity Building				
Fix the System	42,669	-	42,669	-
New Mexico Messaging	-	55,000	25,898	29,102
Time restrictions only	<u>1,200,000</u>	<u>-</u>	<u>600,000</u>	<u>600,000</u>
	<u>\$ 1,301,486</u>	<u>\$ 2,062,123</u>	<u>\$ 2,115,374</u>	<u>\$ 1,248,235</u>

NOTE 8. NET ASSETS WITH TEMPORARY DONOR RESTRICTIONS (CONTINUED)

Net assets subject to temporary donor restrictions and changes therein as of and for the year ended June 30, 2021 were subject to restriction as follows:

	2021			
	Beginning of Year	New Contributions	Net Assets Released	End of Year
Public Education and Advocacy				
Count Every Vote	\$ -	\$ 12,042,638	\$ 12,035,265	\$ 7,373
Election Integrity	-	60,000	60,000	-
Organizational legal expenses	72,933	-	72,933	-
Congressional Leadership and Engagement				
Rebuild Congress Initiative	155,157	839,131	942,844	51,444
Field Capacity Building				
Fix the System	124,287	10,000	91,618	42,669
The Fulcrum	196,938	93,324	290,262	-
Time restrictions	<u>275,000</u>	<u>1,200,000</u>	<u>275,000</u>	<u>1,200,000</u>
	<u>\$ 824,315</u>	<u>\$ 14,245,093</u>	<u>\$ 13,767,922</u>	<u>\$ 1,301,486</u>

NOTE 9. RETIREMENT BENEFITS

The Organization sponsors a Section 401(k) Plan retirement plan for employees. Employees become eligible to participate in the plan after six months of employment, and the plan provides for an employer matching contribution on elective employee deferrals, dollar-for-dollar up to 5% of eligible compensation. Employees are fully vested in all employee and employer contributions to the plan. Total pension expense for the years ended June 30, 2022 and 2021 was \$71,165 and \$92,240, respectively.

NOTE 10. PAYCHECK PROTECTION PROGRAM LOAN

During the year ended June 30, 2020, Issue One received a Paycheck Protection Program (PPP) loan in the amount of \$403,655, established as part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act. PPP loans and accrued interest are forgivable after a covered period (eight or 24 weeks) as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible purposes, primarily payroll, benefits, rent, and utilities. Issue One initially recorded the note payable as a refundable advance and subsequently recognized income related to the debt forgiveness as contribution revenue, in accordance with guidance for recognizing conditional contributions. Accordingly, \$350,000 was recognized as contribution revenue during the year ended June 30, 2020, and the remaining \$53,655 was recognized as contribution revenue during the year ended June 30, 2021, when the loan was forgiven in its entirety.



NOTE 11. LEASES

Issue One conducts its operations from two facilities located in Washington, D.C. under office lease agreements with one expiring on November 30, 2022, and the other on November 30, 2030. The lease agreements provide for periods of rent abatement and reimbursement of certain moving and leasehold improvement costs. The total rent payments due under the terms of the leases are recognized in the financial statements on a straight-line basis. Future minimum lease payments required under these leases are due as follows:

Year Ending June 30,	2023	\$	139,665
	2024		222,310
	2025		227,868
	2026		233,565
	2027		239,404
	Thereafter		<u>863,696</u>
		\$	<u>1,926,508</u>

Total rent expense recognized in the financial statements for the years ended June 30, 2022 and 2021 was \$307,573 and \$315,093, respectively.

NOTE 12. CONCENTRATIONS

Issue One maintains its cash balances at a single financial institution. Although amounts on deposit may exceed the maximum amount insured by the Federal Deposit Insurance Corporation (FDIC), currently \$250,000, management believes the Organization is not subject to unnecessary risk with respect to its cash balances. As of June 30, 2022, amounts on deposit in excess of the FDIC insurance limits totaled approximately \$5,214,000.

NOTE 13. SIGNIFICANT UNCERTAINTIES

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The extent of the impact of the pandemic on Issue One's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on Issue One's donors, employees, and vendors, all of which, at present, cannot be determined. Accordingly, the extent to which the pandemic may impact Issue One's financial position, changes in net assets, and cash flows is uncertain, and the accompanying financial statements include no adjustments relating to the effects of this pandemic.



NOTE 14. SUBSEQUENT EVENTS

Subsequent events have been evaluated through February 10, 2023, which is the date the financial statements were available to be issued. This review and evaluation revealed no material event or transaction which would require an adjustment to, or disclosure in, the accompanying financial statements.