



FINANCIAL STATEMENTS

DECEMBER 31, 2023

THE SENTENCING PROJECT

**TABLE OF CONTENTS
DECEMBER 31, 2023**

	<u>Pages</u>
Independent Auditor’s Report	3-4
Financial Statements	
Statement of Financial Position	5
Statement of Activities	6
Statement of Functional Expenses	7
Statement of Cash Flows	8
Notes to Financial Statements	9-15

Independent Auditor's Report

Board of Directors
The Sentencing Project

Opinion

We have audited the accompanying financial statements of The Sentencing Project (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, 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 Sentencing Project as of December 31, 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. 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 Sentencing Project 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 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 Sentencing Project'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. 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.

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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 The Sentencing Project'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 Sentencing Project'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.

Councilor, Buchanan + Mitchell, P.C.

Certified Public Accountants

Bethesda, Maryland
September 12, 2024

THE SENTENCING PROJECT
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2023

Assets	
Current Assets	
Cash and Cash Equivalents	\$ 1,931,844
Investments	4,018,417
Contributions Receivable	904,648
Prepaid Expenses	<u>66,056</u>
Total Current Assets	6,920,965
Contributions Receivable , Net of Current Portion	100,000
Operating Lease Right-of-Use Asset	67,379
Property and Equipment , Net	
Furniture	8,819
Software and Computers	295,635
Leasehold Improvements	<u>49,745</u>
Total Property and Equipment	354,199
Less Accumulated Depreciation	<u>(187,710)</u>
Property and Equipment, Net	166,489
Security Deposit	<u>19,540</u>
Total Assets	<u><u>\$ 7,274,373</u></u>
Liabilities and Net Assets	
Liabilities	
Accounts Payable	\$ 92,704
Accrued Expenses	73,024
Refundable Advance	305,813
Operating Lease Liability	<u>57,676</u>
Total Liabilities	529,217
Net Assets	
Net Assets Without Donor Restrictions	
Board Designated	500,000
Undesignated	<u>3,803,910</u>
Total Net Assets Without Donor Restrictions	4,303,910
Net Assets With Donor Restrictions	<u>2,441,246</u>
Total Net Assets	<u><u>6,745,156</u></u>
Total Liabilities and Net Assets	<u><u>\$ 7,274,373</u></u>

See accompanying Notes to Financial Statements.

THE SENTENCING PROJECT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Revenues			
Contributions	\$ 2,624,431	\$ 1,331,294	\$ 3,955,725
Honoraria and Other Income	30,398	-	30,398
Investment Income	604,514	-	604,514
Net Assets Released from Restrictions	<u>2,820,461</u>	<u>(2,820,461)</u>	<u>-</u>
 Total Revenues	 6,079,804	 (1,489,167)	 4,590,637
Program and Supporting Services			
Expenses			
Program Services			
Policy Reform Advocacy	60,420	-	60,420
Research and Public Education	543,860	-	543,860
Extreme Sentencing	2,012,781	-	2,012,781
Voting Rights	884,972	-	884,972
Youth Justice	<u>492,232</u>	<u>-</u>	<u>492,232</u>
 Total Program Services	 3,994,265	 -	 3,994,265
Supporting Services			
Fundraising	748,684	-	748,684
Management and General	<u>762,399</u>	<u>-</u>	<u>762,399</u>
 Total Supporting Services	 <u>1,511,083</u>	 <u>-</u>	 <u>1,511,083</u>
 Total Expenses	 <u>5,505,348</u>	 <u>-</u>	 <u>5,505,348</u>
 Change in Net Assets	 574,456	 (1,489,167)	 (914,711)
Net Assets, Beginning of Year	<u>3,729,454</u>	<u>3,930,413</u>	<u>7,659,867</u>
 Net Assets, End of Year	 <u><u>\$ 4,303,910</u></u>	 <u><u>\$ 2,441,246</u></u>	 <u><u>\$ 6,745,156</u></u>

See accompanying Notes to Financial Statements.

THE SENTENCING PROJECT

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2023

	Program Services					Supporting Services				
	Policy Reform Advocacy	Research and Public Education	Extreme Sentencing	Voting Rights	Youth Justice	Total Program Services	Fundraising	Management and General	Total Supporting Services	Total Expenses
Salaries and Benefits	\$ 33,446	\$ 301,295	\$ 971,587	\$ 225,022	\$ 270,334	\$ 1,801,684	\$ 308,597	\$ 452,627	\$ 761,224	\$ 2,562,908
Consultants	402	120,283	512,231	307,208	125,345	1,065,469	118,148	64,238	182,386	1,247,855
Grants to Others	-	-	159,000	80,000	40,000	279,000	-	-	-	279,000
Meetings	9,017	804	114,998	191,406	1,299	317,524	2,636	6,760	9,396	326,920
Printing	78	595	2,359	399	618	4,049	4,559	564	5,123	9,172
Mail House Services	-	-	-	12	-	12	116,314	-	116,314	116,326
Travel	12,960	7,010	77,346	44,070	14,954	156,340	6,872	16,190	23,062	179,402
Accounting	-	-	-	-	-	-	-	136,753	136,753	136,753
Postage and Delivery	78	594	2,534	397	625	4,228	27,176	1,245	28,421	32,649
Occupancy	2,036	15,612	61,864	10,472	16,203	106,187	18,649	14,797	33,446	139,633
Office Supplies	-	-	551	-	-	551	-	12,194	12,194	12,745
Telephone and Fax	106	817	3,286	548	848	5,605	976	1,055	2,031	7,636
Office Equipment and Maintenance	-	-	3,936	-	1,383	5,319	-	897	897	6,216
Marketing and Advertisements	-	23,841	25,806	-	-	49,647	83,028	105	83,133	132,780
Professional Development	511	3,917	15,522	2,627	4,065	26,642	4,679	4,078	8,757	35,399
Depreciation and Amortization	1,470	11,274	44,673	7,562	11,700	76,679	13,467	10,685	24,152	100,831
Insurance	3	23	90	15	24	155	27	5,332	5,359	5,514
Bank Service Charges	-	-	-	-	-	-	-	24,158	24,158	24,158
Dues/Subscriptions/Registration Fees	-	7,948	7,201	2,570	2,293	20,012	16,762	3,185	19,947	39,959
Website	269	47,045	8,186	1,386	2,144	59,030	26,367	3,098	29,465	88,495
Other	44	2,802	1,611	11,278	397	16,132	427	4,438	4,865	20,997
Total Expenses	\$ 60,420	\$ 543,860	\$ 2,012,781	\$ 884,972	\$ 492,232	\$ 3,994,265	\$ 748,684	\$ 762,399	\$ 1,511,083	\$ 5,505,348

See accompanying Notes to Financial Statements.

THE SENTENCING PROJECT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023

Cash Flows from Operating Activities	
Change in Net Assets	\$ (914,711)
Adjustments to Reconcile Change in Net Assets to Net Cash Used in Operating Activities	
Depreciation and Amortization	100,831
Net Gain on Investments	(421,755)
Operating Lease Expense	135,045
<u>(Increase) Decrease in Assets</u>	
Contributions Receivable	800,177
Prepaid Expenses	(17,462)
Security Deposit	(10,793)
<u>Increase (Decrease) in Liabilities</u>	
Accounts Payable	(17,330)
Accrued Expenses	7,924
Refundable Advance	(6,447)
Operating Lease Liability	<u>(147,986)</u>
Net Cash Used in Operating Activities	(492,507)
Cash Flows from Investing Activities	
Proceeds from Sales of Investments	<u>215,129</u>
Net Cash Provided by Investing Activities	<u>215,129</u>
Net Decrease in Cash and Cash Equivalents	(277,378)
Cash and Cash Equivalents, Beginning of the Year	<u>2,209,222</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 1,931,844</u></u>

See accompanying Notes to Financial Statements.

THE SENTENCING PROJECT

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Sentencing Project (the Organization) is a non-profit organization incorporated in the District of Columbia on July 1, 1986. The Organization engages in research and public education on criminal justice policy issues, advocates for policy reform toward a more fair and effective justice system, and conducts outreach to the media to influence the public debate on crime and justice. The Organization's main source of support is contributions.

The Organization's programs are:

Policy Reform Advocacy - The Organization advocates at the federal, state, and local level for reducing the use of incarceration to address crime, decreasing the number of people in prison in favor of more community-based solutions, reforming sentencing policies that produce mass incarceration and racial, gender or economic injustice, expanding and restoring voting rights to Americans with convictions, and protecting youth from the adult criminal legal system.

Research and Public Education - The Organization monitors the criminal justice system and produces research and policy analyses to educate the public about the impact of criminal justice laws, policies, and practices. Findings are shared through highly visible public education campaigns that include earned media, webinars, newsletters, action alerts, and social media. Policy priorities include extreme sentencing, voting rights, youth justice, and racial and ethnic disparities.

Extreme Sentencing - The Organization plays a leadership role in campaigns and coalitions at the national, state, and local level in support of policies that expand the use of post-conviction release mechanisms, eliminate virtual life sentences and life sentences without parole, cap sentences at 20 years, and foster a culture that rejects excessive punishment in favor of restorative approaches to safety. The Organization produces cutting-edge research and promotes media and stakeholder engagement on sentencing policies, reforms, and impacts to foster a shift in the national narrative around extreme sentences.

In response to the evolving second look movement, the Organization launched the Second Look Network (the Network) in March 2023. The Network is composed of over 250 members representing 100 organizations, public defender offices, and law school clinics across the US that provide direct legal representation to persons serving extreme sentences. The Network ensures that defense teams are connected, supported, and equipped to provide effective sentence review and parole representation.

Voting Rights - The Organization is a leader in national efforts to educate the public about the disenfranchisement of justice-involved people, the racially disparate impacts of current felony disenfranchisement laws and jail practices, and the need to implement universal suffrage for all citizens in order to end the role of the criminal legal system in mediating the central right of voting in a democracy. It works at the federal, state, and local level to advocate for full voting rights for individuals in jail, prison, and the community regardless of conviction status.

Youth Justice - The Organization works to safeguard youth from the ravages of the adult criminal legal system and explore alternatives to youth involvement in both the juvenile and adult justice systems. In addition to advocating for an end to policies that transfer youth to the adult criminal

THE SENTENCING PROJECT

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Organization (Continued)

Youth Justice (continued) - legal system, the Organization advocates for the shielding of minors from avoidable involvement in the youth justice system, including ending the presence of police in schools, and promoting treatment-based approaches to youthful behavioral problems rather than punishment. In all this work a racial justice lens is paramount.

Method of Accounting

The financial statements have been prepared on the accrual basis of accounting.

Cash and Cash Equivalents

The Organization considers all short-term investments with original maturities of three months or less to be cash and cash equivalents.

Contributions Receivable

Contributions receivable are recorded at the amount the Organization expects to collect on balances outstanding at the end of the year. Amounts to be received over multiple years are discounted to their net present value using the applicable interest rate if such discount would be material. Management closely monitors receivables and charges off to expense any balances that are determined to be uncollectible. No reserve for doubtful accounts has been established because management expects to collect receivables in full.

Investments

Investments are carried at fair market value based on quotations available on national security exchanges.

Right-of-Use Assets and Lease Liabilities

The determination of whether an arrangement is a lease is made at the lease's inception. Under the Financial Accounting Standards Board's (FASB) Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed.

Lease liabilities are initially measured at the present value of minimum lease payments using a risk-free rate that approximates the remaining term of the lease. The right-of-use asset is the lease liability adjusted for other lease-related accounts. Management considers the likelihood of exercising renewal or termination clauses (if any) in measuring the Organization's right-of-use assets and lease liabilities. Operating lease expense is allocated over the remaining lease term on a straight-line basis.

THE SENTENCING PROJECT

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Right-of-Use Assets and Lease Liabilities (Continued)

The Organization considers leases with initial terms of twelve months or less, and no option to purchase the underlying asset, to be short-term leases. Accordingly, short-term lease costs are expensed over the remaining lease term, with no corresponding right-of-use asset or lease liability. In addition, the Organization does not separate non-lease components from lease components (if any) when determining the payments for leases of office equipment.

Property and Equipment

Property and equipment are stated at cost, if purchased, or fair market value on donation date, if contributed. Depreciation is calculated on a straight-line basis over a three-year or five-year estimated useful life. Leasehold improvements are amortized over the shorter of the useful life or lease term. The Organization capitalizes property and equipment purchases of \$2,000 or more.

Contributions and Support

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Amounts received for conditional grants and contributions are reported as refundable advances until the date that the conditions have been substantially met or explicitly waived by the donor. Unconditional restricted contributions for which the restrictions are met in the year received are considered contributions without donor restrictions for financial statement purposes.

Contributions received with donor-imposed conditions and restrictions that are met in the same reporting period are reported as contributions without donor restrictions and increase net assets without donor restrictions.

Honoraria and Other Income

Honoraria and other income is recognized when earned, at the point in time that performance obligations are met.

Income Taxes

The Organization is exempt under Section 501(c)(3) of the Internal Revenue Code (the Code) from the payment of taxes on income other than unrelated business income.

No provision for income tax is required for the year ended December 31, 2023, as the Organization had no net unrelated business income. In addition, the Organization has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Code.

THE SENTENCING PROJECT

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (Continued)

The Organization requires that a tax position be recognized or derecognized based on a “more-likely-than-not” threshold. This applies to positions taken or expected to be taken in a tax return. The Organization does not believe its financial statements include, or reflect, any uncertain tax positions. The Organization’s IRS Form 990, *Return of Organization Exempt from Income Tax*, is subject to examination by taxing authorities generally for three years after filing.

Use of Estimates

The preparation of 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 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.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefitted. These expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include benefits, occupancy and other indirect costs as well as overhead. These expenses are generally allocated on the basis of staff time and effort. Expenses directly identifiable to specific programs and supporting activities are presented accordingly.

2. CONCENTRATIONS AND INVESTMENT RISK

As of December 31, 2023, approximately 80% of contributions receivable consisted of amounts due from two donors. For the year ended December 31, 2023, 23% of contributions revenue was from one donor.

The Organization’s demand deposits with financial institutions exceeded federally insured limits at certain times during the year. The Organization has not experienced any losses in such accounts and management believes the Organization is not exposed to any significant credit risk.

The balance of the Vanguard Life Strategy Moderate Growth Fund as of December 31, 2023, of approximately \$4,013,000 represents approximately 55% of total assets. Due to the level of risk associated with such an investment, it is at least reasonably possible that changes in market conditions in the near term could materially affect investment balances and the amounts reported in the financial statements.

3. FAIR VALUE MEASUREMENTS

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels as follows:

Level 1 - inputs to the valuation methodology are quoted prices for identical assets or liabilities in active markets (examples include equity securities);

THE SENTENCING PROJECT

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

3. FAIR VALUE MEASUREMENTS (CONTINUED)

Level 2 - inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability other than quoted prices, either directly or indirectly, including inputs in markets that are not considered to be active (examples include corporate and municipal bonds); and

Level 3 - inputs to the valuation methodology are unobservable and significant to the fair value measurement. The inputs into the determination of fair value require significant management judgment (examples include certain private equity securities, alternate investments, and split-interest agreements).

The following presents the Organization's assets measured at fair value as of December 31, 2023:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Vanguard Life Strategy				
Moderate Growth Fund	\$ 4,013,041	\$ 4,013,041	\$ -	\$ -
Other Mutual Funds	5,376	5,376	-	-
Total Investments at Fair Value	<u>\$ 4,018,417</u>	<u>\$ 4,018,417</u>	<u>\$ -</u>	<u>\$ -</u>

4. OPERATING LEASE

The Organization leases office space under an operating lease agreement that expires June 30, 2024. Under the terms of the lease, the base lease payment increases annually based on scheduled increases provided in the lease. The lease does not contain an option to extend the lease term or terminate early.

Under accounting principles generally accepted in the United States of America (GAAP), operating lease expense is recognized on a straight-line basis over the remaining lease term. Operating lease expense for the year ended December 31, 2023, was approximately \$135,000 and is included in occupancy in the statement of functional expenses. The Organization had no variable or short-term lease expense in 2023.

Maturity of the operating lease liability as of December 31, 2023, is as follows:

<u>For the Year Ending December 31,</u>	<u>Amount</u>
2024	<u>\$ 57,820</u>
Total Undiscounted Minimum Lease Payments	57,820
Less Discount to Present Value	(144)
Total Operating Lease Liability	<u>\$ 57,676</u>

The supplementary qualitative operating lease information is as follows:

<u>Supplementary Qualitative Operating Lease Information</u>	
Weighted-Average Remaining Lease Term (Years)	0.5
Weighted-Average Discount Rate	1%

THE SENTENCING PROJECT

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

5. NET ASSETS WITH DONOR RESTRICTIONS

As of December 31, 2023, net assets with donor restrictions were available as follows:

<u>Description</u>	<u>Amount</u>
Youth Justice	\$ 417,500
Extreme Sentencing	360,000
Voting Rights	737,730
Time Restrictions	926,016
Total Net Assets With Donor Restrictions	<u>\$ 2,441,246</u>

Net assets released from restrictions for the year ended December 31, 2023, were as follows:

<u>Description</u>	<u>Amount</u>
Youth Justice	\$ 139,650
Extreme Sentencing	689,036
Voting Rights	921,117
Time Restrictions	1,070,658
Total Net Assets Released from Restrictions	<u>\$ 2,820,461</u>

6. LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization's cash flows have seasonal variations due to the timing of receipts of contribution revenue and vendor payments. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

As of December 31, 2023, the following financial assets and liquidity sources were available for general operating expenditures for the year ending December 31, 2024:

Cash and Cash Equivalents	\$ 1,931,844
Investments	4,018,417
Contributions Receivable, Current Portion	904,648
	<u>6,854,909</u>
Less Net Assets With Donor Purpose Restrictions	<u>(1,515,230)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures within One Year	<u>\$ 5,339,679</u>

Included in the financial assets available is an operating reserve fund (the Reserve) designated by the Board of Directors to ensure the stability of the mission, programs, employment, and ongoing operations of the Organization. The Reserve is funded with surplus net assets without donor restrictions and is commingled with the Organization's general cash and investment accounts. The Board of Directors' investment objectives for the Reserve are to create financial stability by the preservation of capital that earns a reasonable rate of return. The balance of the board designated operating net assets was \$500,000 at December 31, 2023. When originally established in 2011, this represented approximately six months of operating costs. The Board of Directors is currently reviewing the board designated amount to determine if it should be increased based on the current financial position of the Organization. These net assets can be used to fund the Organization's operations if necessary, with Board approval.

THE SENTENCING PROJECT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

7. RETIREMENT PLAN

The Organization sponsors a 403(b) plan (the Plan) for its employees. The Organization may make a discretionary matching contribution and nonelective contributions to the Plan. Employees that work 20 hours per week are eligible to participate in the Plan after four months of service. The employees are fully vested in the employer contribution when it is made. For the year ended December 31, 2023, the Organization contributed approximately \$79,000 to the Plan.

Effective March 1, 2024, the Plan has been amended and restated so that employees are eligible to participate in the Plan on the first day of the calendar month coincident with or next following their hire date. The Organization matches participant's contribution, dollar for dollar, up to 3% of the employee's salary. The Plan also provides for a non-elective 3% safe harbor contribution of each participant's compensation.

8. CONTRIBUTIONS RECEIVABLE

Contributions receivable are due as follows as of December 31, 2023:

Less than One Year	\$ 904,648
One to Two Years	<u>100,000</u>
Total Contributions Receivable	<u><u>\$ 1,004,648</u></u>

9. CONDITIONAL CONTRIBUTION

During 2022, the Organization was promised a conditional contribution of approximately \$1,003,000. Approximately \$306,000 of the contribution has been received in advance and recorded as a refundable advance as of December 31, 2023. The contribution will be recognized as a contribution as the required milestones are met for the Second Look Network.

10. COMMITMENTS AND CONTINGENCIES

During 2023, the Organization entered into a 40-month lease for new office space in Washington, D.C., with a commencement date of July 1, 2024. Under the terms of the lease, the base lease payment increases annually based on scheduled increases provided in the lease. The lease does not contain an option to extend the lease term or terminate early. As of December 31, 2023, the estimated operating lease liability related to this commitment is approximately \$359,000, which will be recognized on the commencement date of July 1, 2024.

11. EMPLOYMENT AGREEMENT

In January 2024, the Organization entered into an employment agreement with its Executive Director (ED). If the ED is terminated for any reason other than cause, as defined in the employment agreement, the Organization will pay severance based on the terms of the agreement.

12. SUBSEQUENT EVENTS

The Organization has evaluated all subsequent events through September 12, 2024, which is the date the financial statements were available to be issued.