

**GOVERNMENT ACCOUNTABILITY
PROJECT**

(a not-for-profit corporation)

FINANCIAL STATEMENTS

**FOR THE YEARS ENDED
DECEMBER 31, 2020 AND 2019**



WILLIAMS, STEARNS AND ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Government Accountability Project
Washington, DC

Report on the Financial Statements

We have audited the accompanying financial statements of the Government Accountability Project (GAP) (a not-for-profit corporation), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses, functional expenses for program services expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies

used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above presents fairly, in all material respects, the financial position of the Government Accountability Project, as of December 31, 2020 and 2019, and the changes in their net assets and cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Williams, Stearns and Associates, P.C.

April 30, 2021

**GOVERNMENT ACCOUNTABILITY PROJECT
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
ASSETS		
Assets		
Cash and cash equivalents	\$ 972,676	\$ 619,322
Investments	958,488	883,739
GAP Litigation Funds	385,137	190,134
Interest and dividends receivable	3,229	4,837
Fees and services receivable	15,759	45,541
Prepaid expenses	99,447	73,456
Deposits	<u>3,959</u>	<u>3,959</u>
Total current assets	2,438,695	1,820,988
Property and equipment, net	<u>41,638</u>	<u>38,998</u>
Total assets	<u>2,480,333</u>	<u>1,859,986</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	155,186	141,466
Payroll Protection Program loan payable	292,390	-
Leases payable - current	-	2,492
Escrow client funds	<u>66,607</u>	<u>39,985</u>
Total liabilities	514,183	183,943
Net Assets		
Without donor restrictions	1,087,900	946,080
With donor restrictions	<u>878,250</u>	<u>729,963</u>
Total net assets	<u>1,966,150</u>	<u>1,676,043</u>
Total liabilities and net assets	<u>2,480,333</u>	<u>1,859,986</u>

The Independent Auditors' Report and accompanying notes are integral parts
of the financial statements.

**GOVERNMENT ACCOUNTABILITY PROJECT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Operating Activities:			
Contributions	\$ 617,122	\$ -	\$ 617,122
Grants	789,850	2,112,267	2,902,117
Fees recognized	287,299	-	287,299
Other income	19,224	-	19,224
Total revenue and support before releases	<u>1,713,495</u>	<u>2,112,267</u>	<u>3,825,762</u>
Net assets released from restrictions	<u>1,963,980</u>	<u>(1,963,980)</u>	<u>-</u>
Total revenue and support	<u>3,677,475</u>	<u>148,287</u>	<u>3,825,762</u>
Expenses:			
Program services	<u>3,035,723</u>	<u>-</u>	<u>3,035,723</u>
Supporting services:			
Fundraising	220,088	-	220,088
General and administrative	<u>331,895</u>	<u>-</u>	<u>331,895</u>
Total supporting services	<u>551,983</u>	<u>-</u>	<u>551,983</u>
Total expenses	<u>3,587,706</u>	<u>-</u>	<u>3,587,706</u>
Change in net assets from operating activities	<u>89,769</u>	<u>148,287</u>	<u>238,056</u>
Non-operating activities:			
Interest and dividend income	21,052	-	21,052
Interest expense	(185)	-	(185)
Investment return, net	<u>31,184</u>	<u>-</u>	<u>31,184</u>
Change in net assets from non-operating activities	<u>52,051</u>	<u>-</u>	<u>52,051</u>
Change in net assets	141,820	148,287	290,107
Net assets - beginning	<u>946,080</u>	<u>729,963</u>	<u>1,676,043</u>
Net assets - ending	<u>1,087,900</u>	<u>878,250</u>	<u>1,966,150</u>

The Independent Auditors' Report and accompanying notes are integral parts
of the financial statements.

**GOVERNMENT ACCOUNTABILITY PROJECT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Operating Activities:			
Contributions	\$ 496,586	\$ 5,380	\$ 501,966
Grants	554,793	2,263,000	2,817,793
Fees recognized	115,842	-	115,842
Other income	50,890	-	50,890
Total revenue and support before releases	<u>1,218,111</u>	<u>2,268,380</u>	<u>3,486,491</u>
Net assets released from restrictions	<u>2,107,384</u>	<u>(2,107,384)</u>	<u>-</u>
Total revenue and support	<u>3,325,495</u>	<u>160,996</u>	<u>3,486,491</u>
Expenses:			
Program services	<u>2,705,494</u>	<u>-</u>	<u>2,705,494</u>
Supporting services:			
Fundraising	286,962	-	286,962
General and administrative	<u>364,989</u>	<u>-</u>	<u>364,989</u>
Total supporting services	<u>651,951</u>	<u>-</u>	<u>651,951</u>
Total expenses	<u>3,357,445</u>	<u>-</u>	<u>3,357,445</u>
Change in net assets from operating activities	<u>(31,950)</u>	<u>160,996</u>	<u>129,046</u>
Non-operating activities:			
Interest and dividend income	30,591	-	30,591
Interest expense	(4,347)	-	(4,347)
Investment return, net	<u>106,827</u>	<u>-</u>	<u>106,827</u>
Change in net assets from non-operating activities	<u>133,071</u>	<u>-</u>	<u>133,071</u>
Change in net assets	101,121	160,996	262,117
Net assets - beginning	<u>844,959</u>	<u>568,967</u>	<u>1,413,926</u>
Net assets - ending	<u>946,080</u>	<u>729,963</u>	<u>1,676,043</u>

The Independent Auditors' Report and accompanying notes are integral parts
of the financial statements.

GOVERNMENT ACCOUNTABILITY PROJECT
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020			2019				
	Program Services	Fundraising	General and Administrative	Total	Program Services	Fundraising	General and Administrative	Total
Salaries	\$1,352,061	\$ 94,809	\$ 200,922	\$ 1,647,792	\$ 1,205,508	\$ 77,377	\$ 176,738	\$ 1,459,623
Employees benefits and taxes	336,710	29,849	47,704	414,263	294,423	24,362	63,201	381,986
Total salaries and benefits	1,688,771	124,658	248,626	2,062,055	1,499,931	101,739	239,939	1,841,609
Advertising	32,648	3	4	32,655	763	12	30	805
Bad debt	-	-	-	-	2,500	-	-	2,500
Board expenses	-	-	-	-	45	3	7	55
Insurance - general	15,988	1,405	2,264	19,657	14,319	1,167	3,101	18,587
Deposition and arbitration fees	34,476	1,618	2,797	38,891	102,149	579	1,003	103,731
Depreciation	14,745	1,294	2,091	18,130	15,249	1,246	3,159	19,654
Direct mail	75,191	24,606	8,862	108,659	68,063	93,776	12,387	174,226
Dues and subscriptions	12,423	542	457	13,422	9,355	2,449	873	12,677
Equipment rental and repairs	14,943	1,113	1,796	17,852	14,564	1,157	4,624	20,345
Miscellaneous	2,129	94	146	2,369	8,644	356	1,853	10,853
Newsletter costs	38,861	3,124	5,216	47,201	49,577	2,757	6,233	58,567
Office rent and storage	129,074	11,271	18,113	158,458	118,557	9,735	24,886	153,178
Office supplies and expense	11,333	863	1,440	13,636	12,558	1,382	2,201	16,141
Postage and delivery	4,225	2,074	584	6,883	3,503	3,874	579	7,956
Professional services	907,520	43,453	33,517	984,490	692,660	60,105	53,607	806,372
Telecanvassing	10,255	885	1,298	12,438	13,078	1,418	1,999	16,495
Telephone and internet	32,366	2,973	4,605	39,944	20,572	1,707	4,550	26,829
Travel and meetings	10,775	112	79	10,966	59,407	3,500	3,958	66,865
Total expenses	3,035,723	220,088	331,895	3,587,706	2,705,494	286,962	364,989	3,357,445

The Independent Auditors' Report and accompanying notes are integral parts of the financial statements.

GOVERNMENT ACCOUNTABILITY PROJECT
STATEMENT OF FUNCTIONAL EXPENSES FOR PROGRAM SERVICES EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Environmental and Energy (includes Nuclear)	International	National Security	Public Health & Corporate/ Government Accountability	Program Services Total
Salaries	\$ 104,173	\$ 73,763	\$ 80,246	\$ 1,093,879	\$ 1,352,061
Employees benefits and taxes	36,232	15,543	19,022	265,913	336,710
Total salaries and benefits	140,405	89,306	99,268	1,359,792	1,688,771
Advertising	4	2	2	32,640	32,648
Bad debt	-	-	-	-	-
Board expenses	-	-	-	-	-
Insurance - general	1,703	739	906	12,640	15,988
Deposition and arbitration fees	1,905	858	1,034	30,679	34,476
Depreciation	1,572	680	836	11,657	14,745
Direct mail	8,033	4,432	4,014	58,712	75,191
Dues and subscriptions	421	172	221	11,609	12,423
Equipment rental and repairs	1,374	602	736	12,231	14,943
Miscellaneous	123	348	66	1,592	2,129
Newsletter costs	3,541	1,410	2,139	31,771	38,861
Office rent and storage	13,545	5,807	7,262	102,460	129,074
Office supplies and expense	1,150	564	552	9,067	11,333
Postage and delivery	444	192	163	3,426	4,225
Professional services	70,975	9,712	17,863	808,970	907,520
Telecanvassing	1,074	493	608	8,080	10,255
Telephone and internet	3,465	1,407	1,827	25,667	32,366
Travel and meetings	61	31	108	10,575	10,775
Total expenses	249,795	116,755	137,605	2,531,568	3,035,723

The Independent Auditors' Report and accompanying notes are integral parts of the financial statements.

**GOVERNMENT ACCOUNTABILITY PROJECT
STATEMENT OF FUNCTIONAL EXPENSES FOR PROGRAM SERVICES EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Environmental and Energy (includes Nuclear)	International	National Security	Public Health & Corporate/ Government Accountability	Program Services Total
Salaries	\$ 105,209	\$ 59,284	\$ 31,628	\$ 1,009,387	\$ 1,205,508
Employees benefits and taxes	33,781	11,346	5,642	243,654	294,423
Total salaries and benefits	<u>138,990</u>	<u>70,630</u>	<u>37,270</u>	<u>1,253,041</u>	<u>1,499,931</u>
Advertising	15	6	3	739	763
Bad debt	-	-	-	2,500	2,500
Board expenses	5	4	1	35	45
Insurance - general	1,622	524	281	11,892	14,319
Deposition and arbitration fees	1,646	2,416	376	97,711	102,149
Depreciation	1,735	596	287	12,631	15,249
Direct mail	6,844	2,956	1,193	57,070	68,063
Dues and subscriptions	325	418	55	8,557	9,355
Equipment rental and repairs	1,668	570	247	12,079	14,564
Miscellaneous	486	331	70	7,757	8,644
Newsletter costs	3,975	1,461	616	43,525	49,577
Office rent and storage	13,490	4,581	2,242	98,244	118,557
Office supplies and expense	1,161	385	194	10,818	12,558
Postage and delivery	253	66	36	3,148	3,503
Professional services	72,079	57,082	61,863	501,636	692,660
Telecanvassing	1,318	499	214	11,047	13,078
Telephone and internet	2,306	999	395	16,872	20,572
Travel and meetings	756	6,783	136	51,732	59,407
Total expenses	<u>248,674</u>	<u>150,307</u>	<u>105,479</u>	<u>2,201,034</u>	<u>2,705,494</u>

The Independent Auditors' Report and accompanying notes are integral parts of the financial statements.

**GOVERNMENT ACCOUNTABILITY PROJECT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

INCREASE (DECREASE) IN CASH AND EQUIVALENTS

	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities		
Cash received from members and customers	\$ 3,833,463	\$ 3,463,908
Interest and dividends received	22,661	30,591
Interest paid	(185)	(4,747)
Cash paid to suppliers and employees	<u>(3,555,225)</u>	<u>(3,324,860)</u>
Net cash provided by operating activities	<u>300,714</u>	<u>164,892</u>
Cash Flows from Investing Activities		
Purchase of investments	(342,976)	(185,509)
Proceeds from sale of investments	126,488	388,650
Purchase of property and equipment	<u>(20,770)</u>	<u>(9,142)</u>
Net cash provided (used) by investing activities	<u>(237,258)</u>	<u>193,999</u>
Cash Flows from Financing Activities		
Payments on equipment leases payable	(2,492)	(8,259)
Payments on loans payable	-	(80,000)
Proceeds from loans payable	<u>292,390</u>	<u>80,000</u>
Net cash provided (used) by financing activities	<u>289,898</u>	<u>(8,259)</u>
Net Increase in Cash and Equivalents	353,354	350,632
Cash and Equivalents, beginning	<u>619,322</u>	<u>268,690</u>
Cash and Equivalents, ending	<u><u>972,676</u></u>	<u><u>619,322</u></u>

The Independent Auditors' Report and accompanying notes are integral parts
of the financial statements.

**GOVERNMENT ACCOUNTABILITY PROJECT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

**RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH
PROVIDED BY OPERATING ACTIVITIES**

	<u>2020</u>	<u>2019</u>
Change in Net Assets	<u>\$ 290,107</u>	<u>\$ 262,117</u>
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	18,130	19,654
Realized (gain) loss on sale of investments	2,007	19,127
Unrealized (gain) loss on investments	(33,191)	(125,954)
Donated stock	(22,081)	(248)
Changes in assets and liabilities:		
Decrease (increase) in:		
Fees and services receivable	29,782	(22,336)
Interest and dividends receivable	1,608	-
Prepaid expenses	(25,991)	(37,630)
Increase (decrease) in:		
Accounts payable and accrued expenses	13,721	39,482
Escrow client funds	<u>26,622</u>	<u>10,680</u>
Total adjustments	<u>10,607</u>	<u>(97,225)</u>
Net Cash Provided by Operating Activities	<u><u>300,714</u></u>	<u><u>164,892</u></u>

The Independent Auditors' Report and accompanying notes are integral parts
of the financial statements.

**GOVERNMENT ACCOUNTABILITY PROJECT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

1. Nature of Organization

Government Accountability Project (GAP) is a not-for-profit organization incorporated in 1984 in the District of Columbia. GAP's purpose is to protect the public interest and promote government and corporate accountability by advancing occupational free speech, defending whistle blowers, and empowering citizen activists. GAP is supported primarily by grants and individual contributions.

2. Summary of Significant Accounting Policies

Accounting Basis

GAP presents its financial statements on the accrual basis in accordance with accounting principles generally accepted in the United States of America. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-For-Profit Organizations" (the "Guide"). (ASC) 958-205 was effective January 1, 2018.

Under the provisions of the Guide, net assets and revenues, and gains and losses are classified on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of GAP or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

**GOVERNMENT ACCOUNTABILITY PROJECT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

2. Summary of Significant Accounting Policies (Continued)

Contributions

Unconditional contributions are recognized when pledged and recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Gifts of cash and other assets are reported with donor restricted support if they are received with donor stipulations that limit the use of donated assets.

When restriction expires, that is, when a stipulated time restriction ends or a 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. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation.

Measure of Operations

The statement of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to GAP's ongoing activities. Non-operating activities are limited to resources that generate return from investments, endowment contributions, financing costs, and other activities considered to be of a more unusual or nonrecurring nature.

Revenue Recognition

Government Accountability Project earns revenue primarily through contributions, private grants, fees recognized and investment income.

Government Accountability Project recognizes contributions of cash, securities or other assets and any unconditional promises to give when received.

Government Accountability Project recognizes private grants received and all private grants are characterized as contributions and all conditions have been met.

See Independent Auditors' Report.

**GOVERNMENT ACCOUNTABILITY PROJECT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

2. Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Fees recognized are comprised of awards from whistleblower cases in which legal services have been provided by GAP.

Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statement of activities. GAP's operating costs have been allocated between program, management and general and fundraising expenses based on direct identification when possible, and allocation if a single expenditure benefits more than one program or function. Accordingly, certain costs have been allocated among the programs and services benefited based on estimates of time spent by each employee on that program or service. Such allocations are determined by management on an equitable basis.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were assumed in preparing the financial statements.

Property, Equipment and Depreciation

Property and equipment are capitalized at cost. Donated property is recorded at market value at the time of receipt. Depreciation is provided over the estimated useful lives of the assets using the straight-line method over three to seven years. Assets costing over \$1,000 are capitalized.

Advertising Expense

In late 2020, GAP entered into a contract for a Democracy Protection Initiative and Whistleblower Awareness advertising campaign at a total cost of \$74,000. GAP charged \$31,714 to expenses in year ended December 31, 2020 and \$42,286 to prepaid expenses at December 31, 2020. GAP had minimal other advertising costs in years ended December 31, 2020 and 2019.

See Independent Auditors' Report.

**GOVERNMENT ACCOUNTABILITY PROJECT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

2. Summary of Significant Accounting Policies (Continued)

Income Taxes

GAP qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and is not considered to be a private foundation within the meaning of Section 509(a) of the Code. Contributions to GAP are tax deductible to donors under Section 170 of the Internal Revenue Code. GAP is required to report unrelated business income to the IRS and the District of Columbia taxing authority. GAP did not have any unrelated business income for the years ended December 31, 2020 and 2019.

GAP has adopted the accounting of uncertainty in income taxes as required by the Income Taxes Topic (Topic 740) of the FASB Accounting Standards Codification. Topic 740 requires GAP to determine whether a tax position is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is more than fifty percent likely of being realized upon ultimate settlement, which could result in GAP recording a tax liability that would reduce GAP's net assets.

Management has analyzed GAP's tax positions, and has concluded that no liability for unrecognized tax benefits should be recorded related to uncertain tax positions taken on returns filed for open tax years (2017-2019), or expected to be taken in their 2020 tax return. GAP is not aware of any tax positions for which it believes that there is a reasonable possibility that the total amounts of unrecognized tax benefits will change materially in the next twelve months.

Cash and Cash Equivalents

For financial statement purposes, GAP considers all bank cash accounts and bank money market accounts to be cash and cash equivalents.

See Independent Auditors' Report.

**GOVERNMENT ACCOUNTABILITY PROJECT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

2. Summary of Significant Accounting Policies (Continued)

Concentration of Credit Risk

GAP maintains cash deposits with various banks. Accounts are insured by the Federal Deposit Insurance Corporation (FDIC) for up to \$250,000. GAP had bank deposits at one institution that exceeded the FDIC insurance level by \$463,318 and \$240,412 at December 31, 2020 and 2019, respectively. GAP has not experienced any losses in such accounts. Management believes it is not exposed to any significant credit risk on cash.

Investments

At times, GAP receives contributions of marketable securities. The contributions are reported at fair market value at the time they are received. GAP's policy is to evaluate the stocks and bonds upon receipt and determine if GAP should retain or sell the investments. During 2011, GAP received an estate bequest contribution of fixed income bonds. GAP maintained these fixed income bonds as investments as of December 31, 2020 and 2019. GAP still held these securities as of December 31, 2020.

During 2020 and 2019, GAP received donated stock with a fair market value of \$22,081 and \$248, respectively.

Reclassifications

Certain accounts in the prior-year financial statements have been reclassified to conform to the presentation in the current-year financial statements.

Fees and Services Receivable

Fees and services receivable are reported at their outstanding balances.

Management periodically evaluates the adequacy of the allowance for doubtful accounts by considering past receivables loss experience, known and inherent risks in the fees and services receivable population, adverse situations that may affect an entity's ability to pay, and current economic conditions.

Management determined there are no allowance for doubtful accounts as of December 31, 2020 and 2019.

See Independent Auditors' Report.

**GOVERNMENT ACCOUNTABILITY PROJECT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

2. Summary of Significant Accounting Policies (Continued)

Fees and Services Receivable (Continued)

During the year ended December 31, 2020, there were no bad debt write offs.

During the year ended December 31, 2019, there was one bad debt write off of \$2,500 and no adjustments to allowance to doubtful accounts.

Recently Issued Accounting Standards

Government Accountability Project has adopted Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)* and related subsequent ASU's. ASU 2014-09 (as revised) is effective for annual reporting periods beginning after December 15, 2019. This however did not result in any change in recognizing revenue for year ended December 31, 2020.

Government Accountability Project has also adopted ASU No. 2019-08, *Not-For-Profit Entities: Clarifying the Scope and The Accounting Guidance for Contributions Received and Contributions Made (Topic 958)*. It establishes standards for characterizing grants and similar contracts with resource providers as either exchange transactions or conditional contributions.

3. Fair Value Measurements

Financial Accounting Standards Board Codification 820, "Fair Value Measurements and Disclosures" establishes a framework for measuring fair value, and expands disclosures about fair value measurements, and establishes a hierarchy for valuation inputs.

The hierarchy prioritizes the inputs into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

**GOVERNMENT ACCOUNTABILITY PROJECT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

3. Fair Value Measurements (Continued)

Fair value measurement is reported in one of three levels which are determined by the lowest level input that is significant to the fair value measurement in its entirety. These levels are:

- Level 1 – inputs are based on unadjusted quoted prices for identical instruments traded in active markets.
- Level 2 – inputs are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 – inputs are generally unobservable and typically reflect managements' estimates of assumptions that market participants would use in pricing the asset or liability. The fair values are therefore determined using model-based techniques that include option pricing models, discounted cash flow models, and similar techniques.

GAP's investments are categorized as Level 1 because they are all publically traded. Other assets and liabilities are of a short term nature and the carrying amount approximates fair value.

4. Investments

Investments are carried at quoted market value of securities. Investments are composed of the following as of December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
INVESTMENTS		
Corporate stocks	\$ 271,591	\$ 270,288
Fixed income bonds	203,709	290,208
Money market funds	<u>483,188</u>	<u>323,243</u>
Total investments	<u>958,488</u>	<u>883,739</u>

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4. Investments (Continued)

	<u>2020</u>	<u>2019</u>
RETURN ON INVESTMENTS		
Total market value of investments	\$ 958,488	\$ 883,739
Cost of investments	<u>(887,802)</u>	<u>(846,244)</u>
Unrealized gain (loss), end of year	70,686	37,495
Unrealized gain (loss), beginning of year	<u>37,495</u>	<u>(88,459)</u>
Unrealized gain (loss), current year	33,191	125,954
Realized gain (loss)	<u>(2,007)</u>	<u>(19,127)</u>
Total net gain (loss)	31,184	106,827
Interest and dividends	<u>21,052</u>	<u>30,591</u>
TOTAL RETURN (LOSS) ON INVESTMENTS	<u>52,236</u>	<u>137,418</u>

5. Property and Equipment

Property and equipment consist of the following as of December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Furniture and fixtures	\$ 33,362	\$ 33,362
Equipment	<u>89,407</u>	<u>68,637</u>
	122,769	101,999
Less: accumulated depreciation	<u>(81,131)</u>	<u>(63,001)</u>
Property and equipment, net	<u>41,638</u>	<u>38,998</u>

6. Lines of Credit Payable

GAP has a \$50,000 line of credit with Wells Fargo Bank. Interest is computed at prime plus 1% and is payable monthly with principal payable on demand. There were no amounts payable at December 31, 2020 and 2019. During 2020 and 2019, there were no amounts repaid or drawn on this line of credit.

7. Net Assets – With Donor Restrictions:

Donor restricted net assets are restricted for the passage of time as of December 31, 2020 and 2019.

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8. Liquidity

Government Accountability Project's financial assets available within one year of the balance sheet date for general expenditure are as follows:

	<u>2020</u>	<u>2019</u>
Cash and equivalents	\$ 972,676	\$ 619,322
Investments	958,488	883,739
GAP Litigations Funds	385,137	190,134
Interest and dividends receivable	3,229	4,837
Fees and services receivable	15,759	45,541
Deposits	<u>3,959</u>	<u>3,959</u>
	<u>2,339,248</u>	<u>1,747,532</u>

As part of GAP'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. To help manage unanticipated liquidity needs, GAP has a line of credit available in the amount of \$50,000, which it can draw upon.

9. Lease Commitments

GAP leases office space in Washington, D.C. The lease terminates on October 31, 2024. Total rent expense for this lease was \$155,601 and \$149,370 for the years ended December 31, 2020 and 2019, respectively.

As of December 31, 2020, the future minimum annual rental payments under the non-cancellable-operating lease for D.C. are:

Future Minimal Rental Payments

2021	\$158,466
2022	163,220
2023	168,117
2024	<u>143,583</u>
Total	<u>633,386</u>

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10. Pension Plan

Beginning in January of 2005, GAP employees were given the option to enroll in a qualified 403(b)(7) plan under which GAP deducts a percentage of the participant's income each pay period up to the legally allowed limit per the employee's election. The plan includes an employer's contribution of up to 5% of the employee's gross salary, depending on level of employee deferral %, immediately vested, with employer contributions beginning after six months for new employees. Pension expense for the years ending December 31, 2020 and 2019 was \$63,021 and \$55,868, respectively.

11. GAP Litigation Funds

In September 2013, GAP established a Restricted Earmarked Fund Account (EFA) in the amount of \$100,000 with FJC, a Foundation of Philanthropic Funds (Foundation). The Foundation agrees that the assets will be invested and held in a money market account offered by one of the Foundations' independent fund managers. GAP retains the right to make written instructions with respect to distributions from the EFA to GAP. A fee of 15 basis points annually, based on the average daily value of the assets held in each EFA, is assessed quarterly to provide for costs of program administration.

During 2020, \$190,100 was transferred into the fund, there were no distributions from the fund and the fund earned \$87 of interest and paid \$61 of fees. The fund had a balance of \$200,019 as of December 31, 2020.

During 2019, transfers into the original fund totaled \$99,000 and distributions from the fund were authorized totaling \$90,773 and the fund earned \$552 of interest and paid \$129 of fees. The original fund had a balance of \$9,893 as of December 31, 2019.

During 2015, a second fund was established in the amount of \$185,000 with the Foundation and under the same terms as the original fund.

During 2020, \$70,000 was transferred into the fund, distributions from the fund were authorized totaling \$65,574 and this second fund earned interest income of \$861 and paid \$410 of fees. During 2019, there were no distributions from the fund and this second fund earned \$4,176 of interest and paid \$805 of fees. This second fund had a balance of \$185,118 and \$180,241 as of December 31, 2020 and 2019.

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11. GAP Litigation Funds (Continued)

During 2019, GAP borrowed \$80,000 from FJC at interest rates of between 8.25% and 8.50%. Interest paid on this loan totaled \$2,787. This loan was paid off completely as of December 31, 2019.

12. Escrow Client Funds

Clients pay GAP amounts per agreements to begin work on their cases. As GAP incurs expenses on these cases, GAP can draw down on these funds. GAP deposits amounts into a trust cash account when amounts are received and sets up a client trust payable account for each client. The totals in the trust cash account of \$66,565 and \$39,985 as of December 31, 2020 and 2019, respectively, agrees materially with the total of all client trust payables accounts at the end of the years.

13. Capital Leases

During 2017, GAP leased computer equipment under capital leases with a recorded cost basis of \$24,914. The equipment and related liability under the capital leases were recorded at the present value of the future payments due under the leases. The related liability under the capital leases for the year ended December 31, 2020 and 2019 was \$-0- and \$2,492, respectively.

The lease was paid off during 2020.

The accumulated depreciation on the leased equipment totaled \$24,914 and \$22,745 at December 31, 2020 and 2019, respectively.

14. Contract Commitments

On July 25, 2017, GAP signed a copier lease for a term of 63 months for a monthly fee of \$865. The lease expires October 25, 2022.

15. Non-Cash Transactions

During 2020 and 2019, GAP received donations of stock with a market value of \$22,081 and \$248, respectively, at the time of the donation.

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16. Joint Cost Allocations

GAP achieves some of its program services and fundraising goals in direct mail campaigns and newsletters that include requests for contributions. The costs for conducting those campaigns included a total of \$88,309 and \$176,524 of joint costs for the years ending December 31, 2020 and 2019, respectively, that are not directly attributable to either program services or fundraising components of the activities. Those joint costs were allocated as follows:

		<u>2020</u>	
	Direct Mail	<u>Newsletters</u>	<u>Totals</u>
Program services	\$20,906	\$44,076	\$64,982
Fundraising	<u>20,712</u>	<u>2,615</u>	<u>23,327</u>
Totals	<u>41,618</u>	<u>46,691</u>	<u>88,309</u>

		<u>2019</u>	
	Direct Mail	<u>Newsletters</u>	<u>Totals</u>
Program services	\$108,610	\$33,606	\$142,216
Fundraising	<u>32,314</u>	<u>1,994</u>	<u>34,308</u>
Totals	<u>140,924</u>	<u>35,600</u>	<u>176,524</u>

17. Concentrations

GAP received a substantial portion of its revenue from six contributors, in 2020 and 2019. For the years ended December 31, 2020 and 2019, GAP received revenue of approximately \$1,855,000 or 49% and \$1,975,000 or 57%, respectively, of GAP's total revenue and support.

18. Paycheck Protection Program Loan

GAP received a loan in the amount of \$292,390 under the Paycheck Protection Program in April 2020. All loan proceeds were spent on eligible expenses as per the loan agreement. The loan was forgiven in January 2021. As of December 31, 2020, the Paycheck Protection Program loan is recorded as a liability. The loan was recorded as income in January 2021 when it was forgiven.

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19. Economic Injury Disaster Advance Grant

GAP received an advance grant in the amount of \$10,000 under the Economic Injury Disaster Loan (EIDL) Program operated by the Small Business Administration (SBA) in May 2020. All advance grant amounts were spent on eligible expenses as per the advance grant agreement. The EIDL advance grant is forgivable up to \$10,000 and as such, GAP has recognized the entire amount of \$10,000 as other income during the year ended December 31, 2020.

20. Subsequent Events

As required by the Subsequent Events topic (Topic 855) of the FASB Accounting Standards Codification, GAP has evaluated the impact of its financial statements and disclosures of certain transactions occurring subsequent to its year-end through April 30, 2021, which is the date GAP's financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings. Therefore, GAP expects this matter could have a negative impact on its operating results. However, the related financial impact and duration cannot be reasonably estimated at this time.