

**GOVERNMENT ACCOUNTABILITY  
PROJECT  
(a not-for-profit corporation)  
FINANCIAL STATEMENTS  
FOR THE YEARS ENDED  
DECEMBER 31, 2022 AND 2021**



WILLIAMS, STEARNS AND ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Government Accountability Project  
Washington, DC

### Opinion

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, 2022 and 2021, 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.

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, 2022 and 2021, 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.

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

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

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

*Wilhemny Strain and Associates, P.C.*

June 15, 2023

**GOVERNMENT ACCOUNTABILITY PROJECT  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
<b>Assets</b>		
Cash and cash equivalents	\$ 218,582	\$ 361,936
Cash - fiscal sponsorship	-	11,343
Investments	444,293	1,034,185
GAP Litigation Funds	24,447	93,710
Interest and dividends receivable	3,034	3,073
Fees and services receivable	15,759	15,759
Grants and contributions receivable	20,000	-
Prepaid expenses	77,183	71,669
Right of use asset - operating lease - current	155,787	-
Right of use asset - copier lease - current	4,332	-
Total current assets	963,417	1,591,675
Deposits	3,959	3,959
Right of use asset - operating lease - non-current	137,571	-
Right of use asset - copier lease - non-current	18,254	-
Property and equipment, net	15,062	27,493
Total non-current assets	174,846	31,452
Total assets	1,138,263	1,623,127

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

**GOVERNMENT ACCOUNTABILITY PROJECT  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 119,629	\$ 138,883
Fiscal sponsorship liability	-	11,343
Liability - operating lease - current	160,684	-
Liability - copier lease - current	4,332	-
Escrow client funds	<u>32,518</u>	<u>68,689</u>
Total current liabilities	<u>317,163</u>	<u>218,915</u>
Liability - operating lease - non-current	137,073	-
Liability - copier - non-current	<u>18,254</u>	-
Total non-current liabilities	<u>155,327</u>	-
Total liabilities	<u>472,490</u>	<u>218,915</u>
<b>Net Assets</b>		
Without donor restrictions	45,773	758,000
With donor restrictions	<u>620,000</u>	<u>646,212</u>
Total net assets	<u>665,773</u>	<u>1,404,212</u>
Total liabilities and net assets	<u>1,138,263</u>	<u>1,623,127</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, 2022**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Operating Activities:</b>			
<b>Revenues:</b>			
Contributions	\$ 630,011	\$ -	\$ 630,011
Grants	514,946	1,445,000	1,959,946
Fees recognized	329,039	-	329,039
Consulting services income	6,702	-	6,702
Other income	3,496	-	3,496
Total revenue and support before releases	<u>1,484,194</u>	<u>1,445,000</u>	<u>2,929,194</u>
Net assets released from restrictions	<u>1,471,212</u>	<u>(1,471,212)</u>	<u>-</u>
Total revenue and support	<u>2,955,406</u>	<u>(26,212)</u>	<u>2,929,194</u>
<b>Expenses:</b>			
Program services	<u>2,896,014</u>	<u>-</u>	<u>2,896,014</u>
Supporting services:			
Fundraising	262,564	-	262,564
General and administrative	428,677	-	428,677
Total supporting services	<u>691,241</u>	<u>-</u>	<u>691,241</u>
Total expenses	<u>3,587,255</u>	<u>-</u>	<u>3,587,255</u>
Change in net assets from operating activities	<u>(631,849)</u>	<u>(26,212)</u>	<u>(658,061)</u>
<b>Non-operating activities:</b>			
Interest expense	(405)	-	(405)
Investment loss, net	(79,973)	-	(79,973)
Change in net assets from non-operating activities	<u>(80,378)</u>	<u>-</u>	<u>(80,378)</u>
Change in net assets	(712,227)	(26,212)	(738,439)
Net assets - beginning	<u>758,000</u>	<u>646,212</u>	<u>1,404,212</u>
Net assets - ending	<u>45,773</u>	<u>620,000</u>	<u>665,773</u>

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**GOVERNMENT ACCOUNTABILITY PROJECT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Operating Activities:</b>			
<b>Revenues:</b>			
Contributions	\$ 727,691	\$ -	\$ 727,691
Grants	204,622	1,962,037	2,166,659
Forgiveness of Payroll Protection Program loan	292,390	-	292,390
Fees recognized	79,500	-	79,500
Consulting services income	16,986	-	16,986
Other income	34,650	-	34,650
Total revenue and support before releases	<u>1,355,839</u>	<u>1,962,037</u>	<u>3,317,876</u>
Net assets released from restrictions	<u>2,194,075</u>	<u>(2,194,075)</u>	<u>-</u>
Total revenue and support	<u>3,549,914</u>	<u>(232,038)</u>	<u>3,317,876</u>
<b>Expenses:</b>			
Program services	<u>3,348,070</u>	<u>-</u>	<u>3,348,070</u>
Supporting services:			
Fundraising	248,933	-	248,933
General and administrative	<u>354,686</u>	<u>-</u>	<u>354,686</u>
Total supporting services	<u>603,619</u>	<u>-</u>	<u>603,619</u>
Total expenses	<u>3,951,689</u>	<u>-</u>	<u>3,951,689</u>
Change in net assets from operating activities	<u>(401,775)</u>	<u>(232,038)</u>	<u>(633,813)</u>
<b>Non-operating activities:</b>			
Interest expense	(240)	-	(240)
Investment return, net	<u>72,115</u>	<u>-</u>	<u>72,115</u>
Change in net assets from non-operating activities	<u>71,875</u>	<u>-</u>	<u>71,875</u>
Change in net assets	(329,900)	(232,038)	(561,938)
Net assets - beginning	<u>1,087,900</u>	<u>878,250</u>	<u>1,966,150</u>
Net assets - ending	<u>758,000</u>	<u>646,212</u>	<u>1,404,212</u>

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**GOVERNMENT ACCOUNTABILITY PROJECT**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

	2022			2021				
	Program Services	Fundraising	General and Administrative	Total	Program Services	Fundraising	General and Administrative	Total
Salaries	\$1,334,845	\$ 133,426	\$ 244,558	\$ 1,712,829	\$ 1,601,092	\$ 110,988	\$ 213,335	\$ 1,925,415
Employees benefits and taxes	343,226	34,911	64,212	442,349	420,343	36,178	54,852	511,373
Total salaries and benefits	1,678,071	168,337	308,770	2,155,178	2,021,435	147,166	268,187	2,436,788
Advertising	1,885	2	2	1,889	42,623	-	-	42,623
Insurance - general	19,684	2,028	3,556	25,268	17,077	1,513	2,362	20,952
Deposition and arbitration fees	47,418	3,872	6,972	58,262	30,987	2,077	3,391	36,455
Depreciation	10,907	1,117	1,996	14,020	14,096	1,246	1,644	16,986
Direct mail	86,783	12,091	13,667	112,541	83,879	21,239	10,856	115,974
Dues and subscriptions	13,293	352	3,192	16,837	27,425	3,723	822	31,970
Equipment rental and repairs	16,749	1,414	2,576	20,739	16,238	1,300	2,005	19,543
Miscellaneous	1,485	114	2,753	4,352	8,395	1,346	796	10,537
Newsletter costs	27,536	3,219	5,098	35,853	28,858	3,416	3,911	36,185
Office rent and storage	129,291	13,103	28,020	170,414	134,142	11,634	17,922	163,698
Office supplies and expense	8,655	932	1,793	11,380	9,234	816	1,252	11,302
Postage and delivery	5,292	1,697	819	7,808	5,452	815	791	7,058
Professional services	797,607	49,578	42,189	889,374	857,927	48,514	34,470	940,911
Telecanvassing	9,057	920	1,665	11,642	10,136	899	1,376	12,411
Telephone and internet	27,410	2,770	4,808	34,988	32,290	2,862	4,386	39,538
Travel and meetings	14,891	1,018	801	16,710	7,876	367	515	8,758
Total expenses	2,896,014	262,564	428,677	3,587,255	3,348,070	248,933	354,686	3,951,689

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, 2022**

	Environmental and Energy (includes Nuclear)	International	National Security	Public Health & Corporate/ Government Accountability	Program Services Total
Salaries	\$ 58,776	\$ 93,904	\$ 6,496	\$ 1,175,669	\$ 1,334,845
Employees benefits and taxes	14,963	23,333	1,592	303,338	343,226
Total salaries and benefits	73,739	117,237	8,088	1,479,007	1,678,071
Advertising	-	-	-	1,885	1,885
Insurance - general	860	1,354	91	17,379	19,684
Deposition and arbitration fees	1,663	2,606	183	42,966	47,418
Depreciation	475	725	49	9,658	10,907
Direct mail	3,671	5,406	306	77,400	86,783
Dues and subscriptions	142	600	12	12,539	13,293
Equipment rental and repairs	542	3,567	54	12,586	16,749
Miscellaneous	19	489	2	975	1,485
Newsletter costs	1,140	2,064	136	24,196	27,536
Office rent and storage	5,665	8,919	612	114,095	129,291
Office supplies and expense	364	584	37	7,670	8,655
Postage and delivery	234	458	29	4,571	5,292
Professional services	58,239	24,135	1,099	714,134	797,607
Telecanvassing	394	594	42	8,027	9,057
Telephone and internet	1,150	1,969	121	24,170	27,410
Travel and meetings	2,282	1,436	10	11,163	14,891
Total expenses	150,579	172,143	10,871	2,562,421	2,896,014

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**GOVERNMENT ACCOUNTABILITY PROJECT  
STATEMENT OF FUNCTIONAL EXPENSES FOR PROGRAM SERVICES EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Environmental and Energy (includes Nuclear)	International	National Security	Public Health & Corporate/ Government Accountability	Program Services Total
Salaries	\$ 114,095	\$ 57,458	\$ 82,135	\$ 1,347,404	\$ 1,601,092
Employees benefits and taxes	37,836	12,016	23,580	346,911	420,343
Total salaries and benefits	<u>151,931</u>	<u>69,474</u>	<u>105,715</u>	<u>1,694,315</u>	<u>2,021,435</u>
Advertising	-	-	-	42,623	42,623
Insurance - general	1,593	536	949	13,999	17,077
Deposition and arbitration fees	2,186	753	1,244	26,804	30,987
Depreciation	1,313	435	790	11,558	14,096
Direct mail	7,855	2,371	5,060	68,593	83,879
Dues and subscriptions	417	14,364	291	12,353	27,425
Equipment rental and repairs	1,345	1,526	823	12,544	16,238
Miscellaneous	501	148	415	7,331	8,395
Newsletter costs	2,702	858	1,669	23,629	28,858
Office rent and storage	12,263	4,076	7,367	110,436	134,142
Office supplies and expense	842	273	540	7,579	9,234
Postage and delivery	497	143	326	4,486	5,452
Professional services	79,166	10,301	12,408	756,052	857,927
Telecanvassing	941	308	574	8,313	10,136
Telephone and internet	2,992	999	1,854	26,445	32,290
Travel and meetings	249	822	112	6,693	7,876
Total expenses	<u>266,793</u>	<u>107,387</u>	<u>140,137</u>	<u>2,833,753</u>	<u>3,348,070</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, 2022 AND 2021**

**DECREASE IN CASH AND EQUIVALENTS**

	<u>2022</u>	<u>2021</u>
<b>Cash Flows from Operating Activities</b>		
Cash received from members and customers	\$ 2,867,386	\$ 3,314,485
Interest and dividends received	15,609	14,614
Interest paid	(405)	(240)
Forgiveness of Payroll Protection Program loan	-	(292,390)
Cash paid to suppliers and employees	<u>(3,645,517)</u>	<u>(3,909,804)</u>
Net cash provided (used) by operating activities	<u>(762,927)</u>	<u>(873,335)</u>
<b>Cash Flows from Investing Activities</b>		
Purchase of investments	(4,346)	(14,649)
Proceeds from sale of investments	609,765	291,428
Purchase of property and equipment	<u>(1,588)</u>	<u>(2,841)</u>
Net cash provided (used) by investing activities	<u>603,831</u>	<u>273,938</u>
<b>Cash Flows from Financing Activities</b>		
Right of use asset/liabilities - leases - net	<u>4,399</u>	-
Net cash provided (used) by financing activities	<u>4,399</u>	-
<b>Net Decrease in Cash and Equivalents</b>	<b>(154,697)</b>	<b>(599,397)</b>
<b>Cash and Equivalents, beginning</b>	<b><u>373,279</u></b>	<b><u>972,676</u></b>
<b>Cash and Equivalents, ending</b>	<b><u><u>218,582</u></u></b>	<b><u><u>373,279</u></u></b>

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, 2022 AND 2021**

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

	<u>2022</u>	<u>2021</u>
<b>Change in Net Assets</b>	\$ (738,439)	\$ (561,938)
<b>Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:</b>		
Depreciation	14,020	16,986
Realized (gain) loss on sale of investments	1,111	-
Unrealized (gain) loss on investments	94,432	(57,501)
Donated stock	(41,809)	(3,547)
Changes in assets and liabilities:		
Decrease (increase) in:		
Grants and contributions receivable	(20,000)	-
Interest and dividends receivable	39	156
Prepaid expenses	(5,514)	27,778
Increase (decrease) in:		
Accounts payable and accrued expenses	(19,253)	(16,304)
Fiscal sponsorship liability	(11,343)	11,343
Payroll Protection Program loan	-	(292,390)
Escrow client funds	<u>(36,171)</u>	<u>2,082</u>
Total adjustments	<u>(24,488)</u>	<u>(311,397)</u>
<b>Net Cash Used by Operating Activities</b>	<u>(762,927)</u>	<u>(873,335)</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, 2022 AND 2021**

**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 and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-For-Profit Organizations" (the "Guide").

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, 2022 AND 2021**

**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**

GAP's revenue consists primarily of contributions, private grants, fees recognized, investment income, contributions of cash, securities or other assets. Any unconditional promises to give are recognized as income when received. Private grants received are characterized as contributions when all conditions have been met. Fees recognized are comprised of awards from whistleblower cases in which legal services have been provided by GAP. Revenue is recorded when GAP provides service in accordance with agreement with client or GAP recognizes revenue as GAP's attorneys provide legal services.

**GOVERNMENT ACCOUNTABILITY PROJECT  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

**2. Summary of Significant Accounting Policies (Continued)**

**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**

GAP had minimal other advertising costs in the year ended December 31, 2022. During 2021, GAP expensed \$42,286 related to the Democracy Protection Initiative and Whistleblower Awareness advertising campaign.

See Independent Auditors' Report.



**GOVERNMENT ACCOUNTABILITY PROJECT  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

**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, 2022 and 2021.

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 liability to be recognized is measured as the largest amount of liability 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 (2019-2021), or expected to be taken in their 2022 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.

**GOVERNMENT ACCOUNTABILITY PROJECT  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

**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 no bank deposits at one institution that exceeded the FDIC insurance level at December 31, 2022 and 2021. 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 2022 and 2021, GAP received donated stock with a fair market value of \$41,809 and \$3,547 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.

**GOVERNMENT ACCOUNTABILITY PROJECT  
NOTES TO THE FINANCIAL STATEMENTS  
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**2. Summary of Significant Accounting Policies (Continued)**

**Fees and Services Receivable (Continued)**

Management determined there are no allowance for doubtful accounts as of December 31, 2022 and 2021.

During the years ended December 31, 2022 and 2021, there were no bad debt write offs.

**Recently Issued Accounting Standards**

The Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 220-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, to improve transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure. The ASU is applicable for periods beginning January 1, 2022 and has been applied retroactively to all periods presented. The new standard requires that contributed nonfinancial assets are presented separately in the statement of activities and changes in net assets. New disclosures are also required to disaggregate contributed nonfinancial assets by category type and other qualitative information about utilization, policies and valuation techniques.

This new standard had no effect on GAP's financial statements.

**Adoption of New Accounting Standards**

In February 2016, the Financial Accounting Standards Board (FASB) established Topic 842, Leases, by issuing Accounting Standards Update (ASU) No. 2016-02, which requires lessees to recognize leases on-balance sheet and disclose key information about leasing arrangements. Topic 842 has been subsequently amended by various ASU's to allow for practical expedients and targeted improvements. The new leasing standard establishes a right-of-use (ROU) model that requires a lessee to recognize a ROU asset and lease liability on the statements of financial position for all leases with a term longer than 12 months. Leases will be classified as finance or operating leases, with the classification affecting the pattern and classification of expense recognition in the statement of activities and changes in net assets.

**GOVERNMENT ACCOUNTABILITY PROJECT  
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**2. Summary of Significant Accounting Policies (Continued)**

**Adoption of New Accounting Standards (Continued)**

The new standard is effective for non-public entities as of January 1, 2022. The modified retrospective approach was used upon adoption to apply the standard to all leases that existed at that date of initial application. Because this approach was selected, Topic 842 was not applied to periods prior to adoption and did not have an impact on previously reported results. The adoption did not have a material effect on the statement of financial position, with a January 1, 2022 ROU operating lease asset of \$454,058 recorded and a January 1, 2022 lease liability of \$454,058 recorded. There were no material cumulative effect adjustments required to the net assets on January 1, 2022. There was no material effects on the statement of cash flows. GAP has chosen to separate the lease and non-lease components in determining the ROU asset and lease liability on the statement of financial position. In addition, GAP has applied the practical expedient which allows the use of a risk-free rate to determine the present value of the lease liability. GAP has also chosen not to reassess any expired contracts for leases. Lastly, GAP has also chosen not to apply Topic 842 to low value assets. Additional information regarding leasing is included in Note 9.

In October 2022, GAP entered into a sixty-three (63) month lease for a copier. A ROU asset was recorded for the copier in the amount of \$23,657 and a lease liability of \$23,657 recorded.

**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  
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**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, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
<b>INVESTMENTS</b>		
Corporate stocks	\$ 274,874	\$ 339,742
Fixed income bonds	165,676	195,513
Money market funds	<u>3,743</u>	<u>498,930</u>
Total investments	<u>444,293</u>	<u>1,034,185</u>

See Independent Auditors' Report.

**GOVERNMENT ACCOUNTABILITY PROJECT  
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**4. Investments (Continued)**

	<u>2022</u>	<u>2021</u>
<b>RETURN ON INVESTMENTS</b>		
Total market value of investments	\$ 444,293	\$1,034,185
Cost of investments	<u>(410,538)</u>	<u>(905,998)</u>
Unrealized gain (loss), end of year	33,755	128,187
Unrealized gain (loss), beginning of year	<u>128,187</u>	<u>70,686</u>
Unrealized gain (loss), current year	<u>(94,432)</u>	57,501
Realized gain (loss)	<u>( 1,111)</u>	-
Total net gain (loss)	<u>(95,543)</u>	57,501
Interest and dividends	<u>15,570</u>	<u>14,614</u>
<b>TOTAL RETURN (LOSS) ON INVESTMENTS</b>	<u><u>(79,973)</u></u>	<u><u>72,115</u></u>

**5. Property and Equipment**

Property and equipment consist of the following as of December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Furniture and fixtures	\$ 33,362	\$ 33,362
Equipment	<u>93,836</u>	<u>92,248</u>
	127,198	125,610
Less: accumulated depreciation	<u>(112,136)</u>	<u>(98,117)</u>
Property and equipment, net	<u><u>15,062</u></u>	<u><u>27,493</u></u>

**6. Line of Credit Payable**

GAP has a \$50,000 unsecured 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, 2022 and 2021. During 2022 and 2021, 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, 2022 and 2021.

See Independent Auditors' Report.

**GOVERNMENT ACCOUNTABILITY PROJECT  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

**8. Liquidity**

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

	<u>2022</u>	<u>2021</u>
Cash and equivalents	\$ 218,582	\$ 361,936
Cash fiscal sponsorship	-	11,343
Investments	444,293	1,034,185
GAP Litigations Funds	24,447	93,710
Interest and dividends receivable	3,034	3,073
Fees and services receivable	15,759	15,759
Grants and contributions receivable	<u>20,000</u>	<u>-</u>
	726,115	1,520,006
Less those unavailable for general expenditure within one year	<u>(10,000)</u>	<u>-</u>
Financial assets available for general Expenditures within on year	<u>716,115</u>	<u>1,520,006</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**

**Operating Lease**

GAP leases office space in Washington, D.C. The lease terminates on October 31, 2024. The operating lease requires monthly payments of \$13,534 and will increase by 3.0% each November 1 until the lease ends.

See Independent Auditors' Report.

**GOVERNMENT ACCOUNTABILITY PROJECT  
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**9. Lease Commitments (Continued)**

For the year ended December 31, 2022, this lease has been accounted for under ASC Topic 842 and GAP has elected not to include CAM charges as part of the lease. The operating lease liability as of December 31, 2022 consists of the following:

Current portion of operating lease liability	\$160,684
Long-term portion of operating lease liability	<u>137,073</u>
Total operating lease liability	<u>297,757</u>

As of December 31, 2022, the future minimum annual rental payments under the non-cancellable-operating lease for D.C. are:

Future Minimum Rental Payments

2023	\$168,117
2024	<u>143,583</u>
Total undiscounted cash flows	311,700
Less: present value discount	<u>( 13,943)</u>
Total lease liability	<u>297,757</u>

Lease expense was \$167,619 for the year ended December 31, 2022 which is included with "office rent and storage" expense on the statement of functional expenses.

Additional information regarding this lease is summarized below:

Weighted-average remaining lease term	1.83 years
Weighted-average discount rate	1.60%

See Independent Auditors' Report.



**GOVERNMENT ACCOUNTABILITY PROJECT**  
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**9. Lease Commitments (Continued)**

**Copier Lease**

GAP leased a copier beginning October 1, 2022 for a term of sixty three months with monthly payments of \$490.

For the year ended December 31, 2022, this lease has been accounted for under ASC Topic 842. The copier lease liability as of December 31, 2022 consists of the following:

Current portion of operating lease liability	\$ 4,332
Long-term portion of operating lease liability	<u>18,254</u>
Total copier lease liability	<u>22,586</u>

As of December 31, 2022, the future minimum annual rental payments under the non-cancellable-copier lease are:

Future Minimum Rental Payments

2023	\$ 5,880
2024	5,880
2025	5,880
2026	5,880
2027	<u>5,880</u>
Total undiscounted cash flows	29,400
Less: present value discount	<u>( 6,814)</u>
Total copier lease liability	<u>22,586</u>

Copier lease expense was \$1,470 for the year ended December 31, 2022 which is included with "office supplies and expense" on the statement of functional expenses.

Additional information regarding this lease is summarized below:

Weighted-average remaining lease term	5.25 years
Weighted-average discount rate	5.20%

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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, 2022 and 2021 was \$68,468 and \$69,880, respectively.

**11. GAP Litigation Funds**

In September 2013, GAP established a Restricted Earmarked Fund Account (EFA) in the amount of \$100,000 using attorney settlement income 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 based on cases that are deemed to be likely settled favorably for GAP or represent cases that help advance protections for whistleblowers. 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 2022, there were no transfers into the original fund and distributions from the fund were authorized totaling \$31,230 and the fund earned \$30 of interest and paid \$6 of fees. The original fund had a balance of \$2,736 as of December 31, 2022.

During 2021, there were no transfers into the original fund and distributions from the fund were authorized totaling \$166,076 and the fund earned \$23 of interest and paid \$23 of fees. The original fund had a balance of \$33,943 as of December 31, 2021.

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.

**GOVERNMENT ACCOUNTABILITY PROJECT  
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**11. GAP Litigation Funds (Continued)**

During 2022, there were no transfers into the fund and distributions from the fund were authorized totaling \$38,315 and this second fund earned \$336 of interest and paid \$78 of fees. This second fund had a balance of \$21,711 as of December 31, 2022.

During 2021, there were distributions from the fund authorized totaling \$125,351 and this second fund earned \$20 of interest and paid \$20 of fees. This second fund had a balance of \$59,767 as of December 31, 2021.

**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 \$32,518 and \$68,689 as of December 31, 2022 and 2021, respectively, agrees with the total of all client trust payables accounts at the end of the years.

**13. Non-Cash Transactions**

During 2022 and 2021, GAP received donations of stock with a market value of \$41,809 and \$3,547, respectively, at the time of the donation.

**14. Concentrations**

GAP received a substantial portion of its revenue from five contributors in 2022 and five contributors in 2021. For the years ended December 31, 2022 and 2021, GAP received revenue of approximately \$1,545,000 or 55% and \$1,575,000 or 47%, respectively, of GAP's total revenue and support.

**15. 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 and recorded as income in January 2021.

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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 \$123,110 and \$113,163 of joint costs for the years ending December 31, 2022 and 2021, respectively, that are not directly attributable to either program services or fundraising components of the activities. Those joint costs were allocated as follows:

	<u>Direct</u>	<u>2022</u>	
	<u>Mail</u>	<u>Newsletters</u>	<u>Totals</u>
Program services	\$ 54,444	\$ 29,491	\$ 83,935
Fundraising	<u>37,426</u>	<u>1,749</u>	<u>39,175</u>
Totals	<u>91,870</u>	<u>31,240</u>	<u>123,110</u>
	<u>Direct</u>	<u>2021</u>	
	<u>Mail</u>	<u>Newsletters</u>	<u>Totals</u>
Program services	\$ 46,385	\$ 32,438	\$ 78,823
Fundraising	<u>32,416</u>	<u>1,924</u>	<u>34,340</u>
Totals	<u>78,801</u>	<u>34,362</u>	<u>113,163</u>

**17. Fiscal Sponsorship**

In September 2021, GAP signed a fiscal sponsorship agreement with a nonprofit corporation who was waiting for its IRS determination letter as a 501(c)(3) entity to be approved. The nonprofit corporation received its IRS determination letter in October 2021. During 2021, GAP as sponsor for the nonprofit corporation, received funds totaling \$11,343 for the nonprofit corporation and maintained these funds in a separate bank account. GAP has also set up a fiscal sponsorship liability account that has a balance of \$11,343 as of December 31, 2021. All funds were returned to the nonprofit during 2022.

The fiscal sponsorship agreement will remain in effect for one year. GAP will receive a 4% administrative charge based on the gross amount of funds received for the nonprofit corporation.

See Independent Auditors' Report.

**GOVERNMENT ACCOUNTABILITY PROJECT  
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**18. Cashflow Note**

Total of cash held by GAP as of December 31, 2021 is as follows:

Cash and cash equivalents	\$ 361,936
Cash – fiscal sponsorships	<u>11,343</u>
Total cash	<u>373,279</u>

**19. 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 June 15, 2023, 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.

See Independent Auditors' Report.