

DĚMOS: A NETWORK FOR IDEAS AND ACTION, LTD.

FINANCIAL STATEMENTS

June 30, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Dēmos: A Network for Ideas and Action, Ltd.
New York, New York

We have audited the accompanying financial statements of Dēmos: A Network for Ideas and Action, Ltd., which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year 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.

Auditor's 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 present fairly, in all material respects, the financial position of Dēmos: A Network for Ideas and Action, Ltd. as of June 30, 2019, 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.

Adoption of New Accounting Pronouncement

As discussed in Note 1 to the financial statements, Dēmos: A Network for Ideas and Action, Ltd. adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, as of and for the year ended June 30, 2019. The requirements of the update have been applied retrospectively to all periods presented. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited Dēmos: A Network for Ideas and Action, Ltd.'s 2018 financial statements, and our report dated October 22, 2018, expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Wegner CPAs LLP

Wegner CPAs, LLP
New York, New York
October 21, 2019

DĒMOS: A NETWORK FOR IDEAS AND ACTION, LTD.
STATEMENT OF FINANCIAL POSITION
June 30, 2019 with comparative totals for June 30, 2018

	2019	2018
ASSETS		
Cash and cash equivalents	\$ 4,992,215	\$ 5,704,614
Contributions receivable, net (Note 3)	6,405,534	9,393,890
Other receivables	71,146	227,187
Prepaid expenses	295,067	216,763
Security deposits	80,419	83,722
Equipment and leasehold improvements, net (Note 5)	979,747	908,693
Total assets	\$ 12,824,128	\$ 16,534,869
LIABILITIES		
Accounts payable	\$ 256,085	\$ 378,607
Accrued expenses	165,407	120,580
Grants payable	-	7,500
Deferred rent	789,658	723,348
Deferred revenue	32,000	-
Note payable (Note 6)	483,333	683,333
Total liabilities	1,726,483	1,913,368
NET ASSETS		
Without donor restrictions	2,105,363	1,724,221
With donor restrictions (Note 8)	8,992,282	12,897,280
Total net assets	11,097,645	14,621,501
Total liabilities and net assets	\$ 12,824,128	\$ 16,534,869

See accompanying notes.

DÉMOS: A NETWORK FOR IDEAS AND ACTION, LTD.

STATEMENT OF ACTIVITIES

Year ended June 30, 2019 with comparative totals for the year ended June 30, 2018

	2019			2018
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUES				
Contributions	\$ 4,835,500	\$ 2,444,989	\$ 7,280,489	\$ 13,616,684
Special event	314,355	-	314,355	395,102
Less costs of direct benefits to donors	(99,772)	-	(99,772)	(155,719)
Program revenue	221,510	-	221,510	704,238
Honorarium and book sales	30,850	-	30,850	6,500
Interest income	46,605	-	46,605	14,422
In-kind revenue	-	-	-	5,000
Other income	399	-	399	85,889
Total revenues	5,349,447	2,444,989	7,794,436	14,672,116
EXPENSES				
Program services				
Visionary Opposition on Voting	1,964,442	-	1,964,442	2,079,360
Movement Building	1,324,969	-	1,324,969	846,541
Race Forward Economic Agenda	1,672,637	-	1,672,637	2,341,038
Money in Politics	250,719	-	250,719	842,006
Fellows Program	522,468	-	522,468	194,403
Progressive Hub	1,123,295	-	1,123,295	232,324
Narrative	642,692	-	642,692	1,317,762
Total program services	7,501,222	-	7,501,222	7,853,434
Supporting activities				
Management and general	2,628,871	-	2,628,871	2,435,899
Fundraising	1,188,199	-	1,188,199	1,473,127
Total expenses	11,318,292	-	11,318,292	11,762,460
Net assets released from restrictions				
Satisfaction of purpose restrictions	1,920,987	(1,920,987)	-	-
Satisfaction of time restrictions	4,429,000	(4,429,000)	-	-
Change in net assets	381,142	(3,904,998)	(3,523,856)	2,909,656
Net assets at beginning of year	1,724,221	12,897,280	14,621,501	11,711,845
Net assets at end of year	\$ 2,105,363	\$ 8,992,282	\$ 11,097,645	\$ 14,621,501

See accompanying notes.

DÉMOS: A NETWORK FOR IDEAS AND ACTION, LTD.
STATEMENT OF FUNCTIONAL EXPENSES
Year ended June 30, 2019 with comparative totals for the year ended June 30, 2018

	Program Services							Supporting Activities		Costs of Direct Benefits to Donors	2019 Total	2018 Total	
	Visionary Opposition on Voting	Movement Building	Race Forward Economic Agenda	Money in Politics	Fellows Program	Progressive Hub	Narrative	Total Program Services	Management and General				Fundraising
Salaries and wages	\$ 1,034,278	\$ 587,085	\$ 934,892	\$ 139,000	\$ 282,758	\$ 571,616	\$ 255,934	\$ 3,805,563	\$ 1,111,540	\$ 603,703	\$ -	\$ 5,520,806	\$ 4,970,684
Payroll taxes and employee benefits	217,046	146,798	209,110	24,745	73,070	119,893	73,825	864,487	395,619	149,283	-	1,409,389	1,272,235
Collaborations - publications and research	-	112,300	35,000	-	-	150,000	-	297,300	-	-	-	297,300	212,500
Professional and consulting fees	284,684	133,480	151,243	21,845	85,894	81,116	163,116	921,378	293,576	135,006	-	1,349,960	2,237,075
Occupancy	180,713	105,226	165,026	25,884	48,952	101,190	45,636	672,627	263,444	104,515	-	1,040,586	1,057,654
Travel	113,651	79,474	79,327	22,022	6,534	42,655	73,106	416,769	87,219	65,627	-	569,615	583,675
Supplies and office expense	1,777	2,397	1,680	298	434	1,056	628	8,270	23,779	1,465	-	33,514	37,764
Meetings and conferences	11,285	91,721	8,411	1,467	1,199	4,249	3,237	121,569	59,791	12,358	-	193,718	219,798
Depreciation and amortization	39,804	22,614	36,002	5,354	10,892	22,018	9,858	146,542	42,816	23,254	-	212,612	200,220
Telecommunications	14,771	8,452	13,444	2,202	3,952	8,179	3,895	54,895	34,091	8,782	-	97,768	92,300
Utilities	2,079	1,181	1,881	280	569	1,150	515	7,655	25,275	1,215	-	34,145	33,264
Printing and reproduction	981	856	786	120	236	482	352	3,813	15,970	8,051	-	27,834	51,754
Postage and delivery	948	1,172	705	124	218	464	323	3,954	8,221	3,533	-	15,708	21,019
Dues and subscriptions	31,605	4,040	5,598	4,877	829	2,819	2,657	52,425	12,405	7,994	-	72,824	86,798
Computer expense	15,127	9,107	14,094	1,897	4,065	8,777	5,325	58,392	27,575	18,157	-	104,124	108,236
Repairs and maintenance	140	80	127	19	38	78	35	517	36,411	82	-	37,010	48,908
Events	-	-	-	-	-	-	-	-	-	20,692	99,772	120,464	155,719
Other	15,553	18,986	15,311	585	2,828	7,553	4,250	65,066	191,139	24,482	-	280,687	528,576
Total expenses	1,964,442	1,324,969	1,672,637	250,719	522,468	1,123,295	642,692	7,501,222	2,628,871	1,188,199	99,772	11,418,064	11,918,179
Less expenses included with support and other revenue on the statement of activities	-	-	-	-	-	-	-	-	-	-	(99,772)	(99,772)	(155,719)
Total expenses included in the expenses section on the statement of activities	\$ 1,964,442	\$ 1,324,969	\$ 1,672,637	\$ 250,719	\$ 522,468	\$ 1,123,295	\$ 642,692	\$ 7,501,222	\$ 2,628,871	\$ 1,188,199	\$ -	\$ 11,318,292	\$ 11,762,460

See accompanying notes.

DÉMOS: A NETWORK FOR IDEAS AND ACTION, LTD.
STATEMENT OF CASH FLOWS
Year ended June 30, 2019 with comparative totals for June 30, 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (3,523,856)	\$ 2,909,656
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation and amortization	212,612	200,220
Net discount on contributions receivable	(263,924)	228,545
(Increase) decrease in assets		
Contributions receivable	3,252,280	(2,948,889)
Other receivables	156,041	(123,258)
Prepaid expenses	(78,304)	(89,987)
Security deposits	3,303	3,270
Increase (decrease) in liabilities		
Accounts payable	(122,522)	142,923
Accrued expenses	44,827	39,978
Grants payable	(7,500)	(13,000)
Deferred rent	66,310	266,316
Deferred revenue	32,000	-
Net cash flows from operating activities	(228,733)	615,774
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment and leasehold improvements	(283,666)	(172,719)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on note payable	(200,000)	(200,000)
Net change in cash and cash equivalents	(712,399)	243,055
Cash and cash equivalents at beginning of year	5,704,614	5,461,559
Cash and cash equivalents at end of year	<u>\$ 4,992,215</u>	<u>\$ 5,704,614</u>
SUPPLEMENTAL DISCLOSURES		
Cash paid for interest	\$ 37,758	\$ 43,502

See accompanying notes.

DĒMOS: A NETWORK FOR IDEAS AND ACTION, LTD.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 with comparative totals for June 30, 2018

Dēmos: A Network for Ideas and Action, Ltd. (“Dēmos”) is a not-for-profit organization, incorporated in February 2000 under the laws of the State of New York. Dēmos is a public policy organization working for an America where we all have an equal say in our democracy and an equal chance in our economy. Our name means “the people.” It is the root word of democracy, and it reminds us that in America, the true source of our greatness is the diversity of our people. Our nation’s highest challenge is to create a democracy that truly empowers people of all backgrounds, so that we all have a say in setting the policies that shape opportunity and provide for our common future. To help America meet that challenge, Dēmos is working to reduce both political and economic inequality, deploying original research, advocacy, litigation, and strategic communications to create the America the people deserve.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents

For financial presentation purposes, Dēmos considers all highly liquid investments with original maturities of three months or less at the date of acquisition to be cash equivalents.

Contributions Receivable

Contributions are recorded as support upon the receipt of cash or unconditional pledges. Contributions are considered available for use without donor restriction, unless specifically restricted by the donor. Conditional contributions are recorded when the specified conditions have been met. Contributions to be received over periods longer than one year are discounted at an interest rate commensurate with risk involved if material to the financial statements.

Other Receivables

Dēmos considers all receivables to be fully collectible. Accordingly, no allowance for doubtful accounts is recorded. If receivables become uncollectible, they will be charged to operations when that determination is made.

Equipment and Leasehold Improvements

Equipment and leasehold improvements are stated at their original costs or, if donated, at their fair values on the date of donation. Depreciation is provided using the straight-line method over the estimated useful lives of 3 to 10 years. Expenditures for leasehold improvements are capitalized and depreciated using the straight-line method over the shorter of the estimated useful life of the specific asset or the term of the lease. Costs incurred during the development of website to be used internally are capitalized and amortized using the straight-line method.

Deferred Rent

Rent expense is recognized using the straight-line method over the terms of the lease. The difference between rent expense incurred and the amount paid, which is attributable to scheduled rent increases and rent abatement periods, is reported as deferred rent in the accompanying statement of financial position.

DĒMOS: A NETWORK FOR IDEAS AND ACTION, LTD.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 with comparative totals for June 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the support is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Honorarium and Other Revenue

Honorarium, book sales, management fees, and rental revenue are recognized based upon services rendered in accordance with contractual provisions. Amounts received in advance of the period to which the services are delivered are reported as deferred revenue.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and the statement of functional expenses. Expenses incurred by the organization that benefits a specific program or supportive service is treated as a direct expense of that program or supportive service and recorded as such. Accordingly, certain categories of expenses cannot be directly attributed to a specific program or benefit the organization as a whole; those expenses are allocated based on an estimate of the time and effort each employee devotes to the organization's programs and supportive activity. Those expenses include salaries, fringe benefits, payroll fees, IT consultant, general liability insurance, supplies, printing, postage, telephone, internet, repairs, software licenses, and depreciation. The time and effort estimates used to allocate these expenses are reviewed and updated every quarter. The following program services and supporting activities are included in the accompanying financial statements:

Visionary Opposition on Voting – Dēmos is committed to creating an inclusive democracy by protecting our freedom to vote, reducing the role of money in politics, and ensuring the democratic process reflects our diverse electorate. We analyze policies, practices, and power dynamics that maintain racial inequality and exclude Americans from full participation in our democracy.

Movement Building – Dēmos works to connect the ideas of Dēmos with strategies to support grassroots organizations. Our inclusive democracy project works with grassroots partners around the country to ensure that racial equity is at the center of advocacy campaigns for democracy reform. We employ campaign skill, research and policy expertise, and litigation capacities in partnership with movement organizations to work for a more equitable economy and democracy.

Race Forward Economic Agenda – Dēmos is working to combat the inequality of our current economic system. This includes in-depth analysis, narrative development, and policy proposals to mitigate debt, improve job quality and access, advance worker rights, make college affordable for all, and seek reform in our flawed credit system.

DĚMOS: A NETWORK FOR IDEAS AND ACTION, LTD.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 with comparative totals for June 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Money in Politics – Dēmos works to advance equality in our politics and policymaking. We believe that the outsized influence of money in our political system is undermining our democracy, which perpetuates a dangerous interplay between political and economic inequality. Dēmos’ integrated strategies to shift the landscape of money in politics include communicating how the improper influence of money on government impacts policy choices and Americans’ lives; building support for clear, achievable policy solutions; and working to put racial equity at the center of grassroots campaigns to root out of the influence of money in politics.

Fellows Program – Dēmos’ fellows program supports scholars and writers whose innovative work influences the public debate about crucial, national issues. The program offers an intellectual home and communications platform for one emerging voices fellow early in their career who will contribute to important public debates. We also have a small distinguished fellows program for distinguished public figures whose research and messaging can be used to inform the policy debates.

Progressive Hub – Dēmos works to advance the core policy and narrative ideas of the organization throughout sectors that influence the policy discussion in our country. We work to integrate ideas for creating a more inclusive democracy and economy within networks of policymakers, academics, advocacy organizations, and other opinion leaders.

Narrative – Dēmos seeks to embed narrative ideas that support a more inclusive country, economy, and democracy. We work closely with grassroots organizations across the country to build a movement that enables us not only to win public policy change, but to shift the “narrative” – the very understanding of how progressive change can happen – for the long-term.

Management and general – Includes the activities necessary to ensure proper administrative functioning of the board of trustees, manage the financial and budgetary responsibilities, and perform other administrative functions.

Fundraising – Provides the structure necessary to encourage and secure private financial support from individuals, foundations, and others.

Income Tax Status

Dēmos is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, Dēmos qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation. Dēmos is subject to unrelated business income tax on qualified transportation benefits provided to employees.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could differ from those estimates.

DĒMOS: A NETWORK FOR IDEAS AND ACTION, LTD.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 with comparative totals for June 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Adoption of New Accounting Pronouncement

Dēmos adopted the Financial Accounting Standards Board’s Accounting Standards Update No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, as of and for the year ended June 30, 2019. This update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The changes required by the update have been applied retrospectively to all periods presented. A key change required by the update are the net asset classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets, if applicable, are now reported as net assets with donor restrictions.

Date of Management’s Review

Management has evaluated subsequent events through October 21, 2019, the date which the financial statements were available to be issued.

NOTE 2 – CONCENTRATIONS OF CREDIT RISK

Dēmos maintains its cash with two major banking institutions in amounts which, from time to time, may be in excess of federal insurance limits. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2019 and 2018, Dēmos’ uninsured cash balances amounted to \$4,624,188 and \$3,419,493.

NOTE 3 – CONTRIBUTIONS RECEIVABLE

Unconditional contributions receivable at June 30, 2019 and 2018 consisted of the following:

	2019	2018
Contributions receivable in less than one year	\$ 4,215,309	\$ 4,848,889
Contributions receivable in one to five years	2,400,000	5,018,700
Total contributions receivable	6,615,309	9,867,589
Less discount to net present value	(209,775)	(473,699)
Contributions receivable, net	\$ 6,405,534	\$ 9,393,890

Contributions receivable in one to five years are discounted at an effective rate of 3.73%.

At June 30, 2018, Dēmos had conditional contributions receivable of \$64,500 from a funding source based on successful progress of the project. All conditions were satisfied during the year ended June 30, 2019.

DĚMOS: A NETWORK FOR IDEAS AND ACTION, LTD.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 with comparative totals for June 30, 2018

NOTE 4 – LINE OF CREDIT

Dēmos has a \$1,000,000 line of credit with a bank. The line is secured by Dēmos' general business assets, carries interest at 5.75%, and expires on January 11, 2020. There was no outstanding balance at June 30, 2019 and 2018.

NOTE 5 – EQUIPMENT AND LEASEHOLD IMPROVEMENTS

Equipment and leasehold improvements at June 30, 2019 and 2018 consisted of the following:

	2019	2018
Equipment	\$ 274,214	\$ 262,700
Leasehold improvements	556,643	531,264
Website	335,505	106,316
Website in progress	-	92,305
Furniture and fixtures	352,918	349,344
Equipment and leasehold improvements	1,519,280	1,341,929
Less accumulated depreciation and amortization	(539,533)	(433,236)
Equipment and leasehold improvements, net	\$ 979,747	\$ 908,693

Depreciation and amortization expense was \$212,612 and \$200,220 for the years ended June 30, 2019 and 2018.

NOTE 6 – NOTE PAYABLE

Dēmos has a note payable with required monthly principal installments of \$16,667 plus interest at 30 day LIBOR plus 6% maturing November 2021. The note payable is secured by equipment. The note payable balance at June 30, 2019 and 2018 was \$483,333 and \$683,333.

Dēmos is required to maintain a minimum cash balance of \$500,000 at Amalgamated Bank at all times for the duration of the note.

Future minimum principal payments for the years ending June 30 are as follows:

2020		\$ 200,000
2021		200,000
2022		83,333
Note payable		\$ 483,333

Interest expense for the years ended June 30, 2019 and 2018 was \$37,758 and \$43,502.

DĚMOS: A NETWORK FOR IDEAS AND ACTION, LTD.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 with comparative totals for June 30, 2018

NOTE 7 – RETIREMENT PLAN

Dēmos maintains a contributory, defined-contribution 401(k) plan covering all employees who meet specific eligibility requirements. The plan is an elective, deferred-salary arrangement. Dēmos may contribute to the 401(k) plan on behalf of the employees, at the discretion of the board of trustees. Dēmos' contributions to the plan during the years ended June 30, 2019 and 2018, on behalf of active employees, totaled \$55,799 and \$50,396.

NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at June 30, 2019 and 2018 were available for the following purposes or periods:

	2019	2018
Subsequent years	\$ 5,491,225	\$ 7,210,895
Capacity Building	2,025,000	3,367,945
Visionary Opposition on Voting	882,142	1,282,743
Democracy Project	275,000	500,000
Race Forward Economic Agenda	305,932	245,000
Progressive Hub	-	150,000
Narrative	-	66,397
Fellows Program	12,983	50,000
Racial Equity	-	24,300
Net assets with donor restrictions	\$ 8,992,282	\$ 12,897,280

NOTE 9 – OPERATING LEASES

Dēmos has leases for the use of office facilities which will expire May 2027 and September 2027. Certain leases are subject to escalations for increases in real estate taxes and other operating expenses. Future minimum obligations under the leases for the years ending June 30 are as follows:

2020	\$ 1,031,527
2021	1,053,407
2022	1,105,209
2023	1,149,664
2024	1,174,004
Thereafter	3,743,668
Total	\$ 9,257,479

Rent expense for the years ended June 30, 2019 and 2018 was \$1,040,585 and \$1,057,654.

If Dēmos were to default on the lease payments in the first five years of the lease, Dēmos would be liable for a maximum of \$624,911 in abatement repayments. In lieu of providing the security deposit of \$247,500 for the new office space, the landlord required Dēmos to establish a letter of credit with the bank to hold the security deposit amount. The letter of credit has an annual interest rate of 1%.

DĚMOS: A NETWORK FOR IDEAS AND ACTION, LTD.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 with comparative totals for June 30, 2018

NOTE 10 – LIQUIDITY AND AVAILABILITY

The following reflects Dēmos' financial assets as of the date of the statement of financial position, reduced by amounts not available for general use within one year of the date of the statement of financial position due to contractual or donor-imposed restrictions.

Cash and cash equivalents	\$ 4,992,215
Contributions receivable, net	6,405,534
Other receivables	<u>71,146</u>
Total financial assets at year end	11,468,895
Less those unavailable for general expenditures within one year due to:	
Contractual or donor-imposed restrictions:	
Contributions receivable scheduled to be collected in more than one year, net	(2,190,225)
Restricted by donor with purpose restrictions	<u>(3,501,057)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 5,777,613</u>

Dēmos has a goal to maintain financial assets on hand to meet three months of normal operating expenses. Financial assets in excess of the amount on hand to cover normal operating expenses are invested in money market mutual funds and other investments. Dēmos also has a \$1,000,000 line of credit which it could draw upon in the event of an unanticipated liquidity need.