

DĚMOS: A NETWORK FOR IDEAS AND ACTION, LTD.

FINANCIAL STATEMENTS

June 30, 2020

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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, 2020, 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

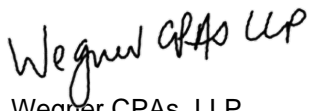
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Dēmos: A Network for Ideas and Action, Ltd. as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles 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. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, and all subsequently issued clarifying ASUs and ASU No. 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, as of July 1, 2019. 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 2019 financial statements, and our report dated October 21, 2019, 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, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Wegner CPAs, LLP
New York, New York
October 23, 2020

DĒMOS: A NETWORK FOR IDEAS AND ACTION, LTD.
STATEMENT OF FINANCIAL POSITION
June 30, 2020 with comparative totals for June 30, 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and cash equivalents	\$ 7,109,807	\$ 4,992,215
Contributions receivable, net (Note 3)	4,628,498	6,405,534
Other receivables	47,858	71,146
Prepaid expenses	272,187	295,067
Security deposits	79,979	80,419
Equipment and leasehold improvements, net (Note 5)	<u>807,724</u>	<u>979,747</u>
Total assets	<u>\$ 12,946,053</u>	<u>\$ 12,824,128</u>
LIABILITIES		
Accounts payable	\$ 282,221	\$ 256,085
Accrued expenses	211,072	165,407
Deferred rent	809,798	789,658
Deferred revenue	-	32,000
Note payable (Note 6)	283,334	483,333
Paycheck Protection Program loan payable (Note 7)	<u>964,000</u>	<u>-</u>
Total liabilities	2,550,425	1,726,483
NET ASSETS		
Without donor restrictions	2,182,537	2,105,363
With donor restrictions (Note 9)	<u>8,213,091</u>	<u>8,992,282</u>
Total net assets	<u>10,395,628</u>	<u>11,097,645</u>
Total liabilities and net assets	<u>\$ 12,946,053</u>	<u>\$ 12,824,128</u>

See accompanying notes.

DÉMOS: A NETWORK FOR IDEAS AND ACTION, LTD.

STATEMENT OF ACTIVITIES

Year ended June 30, 2020 with comparative totals for the year ended June 30, 2019

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUES				
Contributions	\$ 6,811,412	\$ 3,600,188	\$ 10,411,600	\$ 7,280,489
Special event	-	-	-	314,355
Less costs of direct benefits to donors	-	-	-	(99,772)
Program revenue	115,173	-	115,173	221,510
Honorarium and book sales	3,900	-	3,900	30,850
Investment income	44,724	-	44,724	46,605
Other income	1,678	-	1,678	399
Total revenues	6,976,887	3,600,188	10,577,075	7,794,436
EXPENSES				
Program services				
Democracy Reform	2,858,535	-	2,858,535	1,964,442
Movement Building	2,424,727	-	2,424,727	1,324,969
Economic Justice	964,408	-	964,408	1,672,637
Money in Politics	-	-	-	250,719
Fellows Program	362,154	-	362,154	522,468
Progressive Hub	577,427	-	577,427	1,123,295
Ideas Lab	503,137	-	503,137	-
Narrative	-	-	-	642,692
Total program services	7,690,388	-	7,690,388	7,501,222
Supporting activities				
Management and general	2,355,703	-	2,355,703	2,628,871
Fundraising	1,233,001	-	1,233,001	1,188,199
Total expenses	11,279,092	-	11,279,092	11,318,292
Net assets released from restrictions				
Satisfaction of purpose restrictions	2,054,379	(2,054,379)	-	-
Satisfaction of time restrictions	2,325,000	(2,325,000)	-	-
Change in net assets	77,174	(779,191)	(702,017)	(3,523,856)
Net assets at beginning of year	2,105,363	8,992,282	11,097,645	14,621,501
Net assets at end of year	\$ 2,182,537	\$ 8,213,091	\$ 10,395,628	\$ 11,097,645

See accompanying notes.

DÉMOS: A NETWORK FOR IDEAS AND ACTION, LTD.
STATEMENT OF FUNCTIONAL EXPENSES
Year ended June 30, 2020 with comparative totals for the year ended June 30, 2019

	Program Services						Supporting Activities		2020 Total	2019 Total	
	Democracy Reform	Movement Building	Economic Justice	Fellows Program	Progressive Hub	Ideas Lab	Total Program Services	Management and General			Fundraising
Salaries and wages	\$ 1,467,737	\$ 735,009	\$ 450,722	\$ 158,455	\$ 270,942	\$ 235,743	\$ 3,318,608	\$ 1,068,682	\$ 562,912	\$ 4,950,202	\$ 5,520,806
Payroll taxes and employee benefits	435,895	230,544	154,057	69,172	84,782	71,819	1,046,269	414,520	184,690	1,645,479	1,409,389
Collaborations - publications and research	-	365,500	10,000	-	25,000	44,981	445,481	-	-	445,481	297,300
Professional and consulting fees	316,094	565,279	149,579	75,789	64,993	46,995	1,218,729	257,093	187,359	1,663,181	1,349,960
Occupancy	326,598	163,516	100,955	35,135	61,158	53,083	740,445	222,207	125,356	1,088,008	1,040,586
Travel	87,616	88,785	31,375	4,894	20,655	10,113	243,438	64,276	24,016	331,730	569,615
Supplies and office expense	3,543	3,482	1,114	323	684	550	9,696	9,021	7,929	26,646	33,514
Meetings and conferences	16,842	86,585	5,343	464	2,160	2,899	114,293	51,622	2,725	168,640	193,718
Depreciation and amortization	76,291	38,228	23,427	8,241	14,092	12,261	172,540	55,582	29,277	257,399	212,612
Telecommunications	26,419	13,220	8,343	2,818	4,937	4,279	60,016	20,913	10,061	90,990	97,768
Utilities	6,365	3,189	1,955	688	1,176	1,023	14,396	13,594	2,443	30,433	34,145
Printing and reproduction	5,458	3,964	1,668	549	991	847	13,477	5,558	9,804	28,839	27,834
Postage and delivery	1,840	2,041	462	139	310	229	5,021	7,466	7,876	20,363	15,708
Dues and subscriptions	19,029	17,173	2,041	262	14,292	5,728	58,525	6,996	3,431	68,952	72,824
Computer expense	19,907	17,628	7,726	1,712	4,007	2,891	53,871	38,279	18,612	110,762	104,124
Repairs and maintenance	8,976	4,459	2,774	958	1,654	1,446	20,267	9,420	3,405	33,092	37,010
Events	-	-	-	-	-	-	-	-	-	-	120,464
Other	39,925	86,125	12,867	2,555	5,594	8,250	155,316	110,474	53,105	318,895	280,687
Total expenses	2,858,535	2,424,727	964,408	362,154	577,427	503,137	7,690,388	2,355,703	1,233,001	11,279,092	11,418,064
Less expenses included with support and other revenue on the statement of activities	-	-	-	-	-	-	-	-	-	-	(99,772)
Total expenses included in the expenses section on the statement of activities	\$ 2,858,535	\$ 2,424,727	\$ 964,408	\$ 362,154	\$ 577,427	\$ 503,137	\$ 7,690,388	\$ 2,355,703	\$ 1,233,001	\$ 11,279,092	\$ 11,318,292

See accompanying notes.

DÉMOS: A NETWORK FOR IDEAS AND ACTION, LTD.
STATEMENT OF CASH FLOWS
Year ended June 30, 2020 with comparative totals for June 30, 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (702,017)	\$ (3,523,856)
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation and amortization	257,399	212,612
Net discount on contributions receivable	(124,955)	(263,924)
(Increase) decrease in assets		
Contributions receivable	1,901,991	3,252,280
Other receivables	23,288	156,041
Prepaid expenses	22,880	(78,304)
Security deposits	440	3,303
Increase (decrease) in liabilities		
Accounts payable	26,136	(122,522)
Accrued expenses	45,665	44,827
Grants payable	-	(7,500)
Deferred rent	20,140	66,310
Deferred revenue	(32,000)	32,000
Net cash flows from operating activities	1,438,967	(228,733)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment and leasehold improvements	(85,376)	(283,666)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Paycheck Protection Program loan payable	964,000	-
Principal payments on note payable	(199,999)	(200,000)
Net cash flows from financing activities	764,001	(200,000)
Net change in cash and cash equivalents	2,117,592	(712,399)
Cash and cash equivalents at beginning of year	4,992,215	5,704,614
Cash and cash equivalents at end of year	\$ 7,109,807	\$ 4,992,215
SUPPLEMENTAL DISCLOSURES		
Cash paid for interest	\$ 23,156	\$ 37,758

See accompanying notes.

DĚMOS: A NETWORK FOR IDEAS AND ACTION, LTD.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 with comparative totals for June 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

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.

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 the 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, 2020 with comparative totals for June 30, 2019

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.

Revenue Recognition

Dēmos contracts with numerous organizations to provide various consulting services. Consulting revenue consists of single performance obligations that are satisfied at a point in time (when deliverables are provided), as well as over time within the designated contract period.

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 and wages, payroll taxes and employee benefits, certain professional and consulting fees, certain travel expenses, occupancy, supplies and office expense, depreciation and amortization, telecommunications, utilities, certain meeting and conferences, printing and reproduction, postage and delivery, dues and subscriptions, computer expense, repairs and maintenance, and other. 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:

Democracy Reform – 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.

DĚMOS: A NETWORK FOR IDEAS AND ACTION, LTD.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 with comparative totals for June 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Economic Justice – 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.

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.

Ideas Lab – Dēmos will engage key movement leaders, thinkers, and experts in conversation to surface new ideas that fill gaps in the progressive policy debate around issues of inequality, racial exclusion, and shortfalls of democracy. Ideas Lab will make a contribution to promoting structural change and building progressive movement power – these ideas will be further developed and shared back out to the field as a whole.

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.

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, 2020 with comparative totals for June 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Adoption of New Accounting Pronouncement

On May 28, 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The ASU and all subsequently issued clarifying ASUs supersedes the revenue recognition requirements and most industry-specific guidance in U.S. generally accepted accounting principles. The core principle of the new guidance is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new guidance also includes a cohesive set of disclosure requirements that will provide users of the financial statements with comprehensive information about the nature, amount, timing, and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

Dēmos adopted the requirements of the new guidance as of July 1, 2019, using the modified retrospective method of transition. In applying the new guidance, Dēmos elected to use the practical expedient that allows the guidance to be applied only to contracts that were not complete as of July 1, 2019.

Dēmos' revenue from contracts with customers is recognized at a point in time when the deliverables are provided. Revenue recognized over time primarily consists of performance obligations that are satisfied within one year or less. In addition, the majority of Dēmos' contracts do not contain variable consideration and contract modifications are generally minimal.

The adoption of the new guidance did not have a significant impact on Dēmos' financial statements. Dēmos' revenue arrangements generally consist of a single performance obligation, as well continued service over time. Based on Dēmos' evaluation process and review of its contracts with customers, the timing and amount of revenue recognized previously is consistent with how revenue is recognized under the new guidance.

Also, on June 21, 2018, the FASB issued ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU provides a more robust framework for evaluating whether transactions such as grants and similar contracts with government agencies and others should be accounted for as exchange transactions (that is, revenue from contracts with customers) or contributions. The ASU also assists entities in determining whether a contribution is conditional. Dēmos adopted the requirements of the ASU as of July 1, 2019. The changes in the ASU have been applied on a modified prospective basis, that is, the changes have been applied to agreements that are either not completed as of July 1, 2019 or entered into after that date.

DĒMOS: A NETWORK FOR IDEAS AND ACTION, LTD.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 with comparative totals for June 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Date of Management’s Review

Management has evaluated subsequent events through October 23, 2020, the date which the financial statements were available to be issued.

NOTE 2 – CONCENTRATIONS OF CREDIT RISK

Dēmos maintains its cash and cash equivalent balances in two financial institutions. At June 30, 2020 and 2019, Dēmos’ cash and cash equivalent balances exceeded federally insured limits by \$4,391,809 and \$4,624,188. Of this amount, \$2,609,409 and \$2,045,933, respectively, was invested in broker/dealer money market accounts.

NOTE 3 – CONTRIBUTIONS RECEIVABLE

Unconditional contributions receivable at June 30, 2020 and 2019 consisted of the following:

	2020	2019
Contributions receivable in less than one year	\$ 3,438,318	\$ 4,215,309
Contributions receivable in one to five years	1,275,000	2,400,000
Total contributions receivable	4,713,318	6,615,309
Less discount to net present value	(84,820)	(209,775)
Contributions receivable, net	\$ 4,628,498	\$ 6,405,534

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

At June 30, 2020, Dēmos had a conditional contributions receivable of \$107,000 from a funding source based on meeting certain match requirements.

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 9, 2021. There was no outstanding balance at June 30, 2020 and 2019.

DĚMOS: A NETWORK FOR IDEAS AND ACTION, LTD.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 with comparative totals for June 30, 2019

NOTE 5 – EQUIPMENT AND LEASEHOLD IMPROVEMENTS

Equipment and leasehold improvements at June 30, 2020 and 2019 consisted of the following:

	2020	2019
Equipment	\$ 359,590	\$ 274,214
Leasehold improvements	556,643	556,643
Website	335,505	335,505
Furniture and fixtures	352,918	352,918
Equipment and leasehold improvements	1,604,656	1,519,280
Less accumulated depreciation and amortization	(796,932)	(539,533)
Equipment and leasehold improvements, net	\$ 807,724	\$ 979,747

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, 2020 and 2019 was \$283,334 and \$483,333.

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:

2021	\$ 200,000
2022	83,334
Notes payable	\$ 283,334

Interest expense for the years ended June 30, 2020 and 2019 was \$23,156 and \$37,758.

NOTE 7 – PAYCHECK PROTECTION PROGRAM LOAN PAYABLE

On April 13, 2020, Dēmos received a \$964,000 loan under the Paycheck Protection Program established by the Coronavirus Aid, Relief, and Economic Security Act and administered by the U.S. Small Business Administration. The loan accrues interest at 1%, but payments are deferred until a determination of the amount of forgiveness is made. The amount of forgiveness depends, in part, on the total amount of eligible expenses paid by Dēmos during the covered period. Eligible expenses include payroll costs, interest on mortgages, rent, and utilities. Any unforgiven portion is payable over two years.

DĒMOS: A NETWORK FOR IDEAS AND ACTION, LTD.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 with comparative totals for June 30, 2019

NOTE 8 – 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, 2020 and 2019, on behalf of active employees, totaled \$247,753 and \$55,799.

NOTE 9 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at June 30, 2020 and 2019 were available for the following purposes or periods:

	2020	2019
Subsequent years	\$ 3,663,580	\$ 5,491,225
Capacity Building	2,175,000	2,025,000
Visionary Opposition on Voting	1,096,507	882,142
Democracy Project	480,000	275,000
Power Building	355,498	-
Race Forward Economic Agenda	442,506	305,932
Fellows Program	-	12,983
	\$ 8,213,091	\$ 8,992,282
Net assets with donor restrictions		

NOTE 10 – 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:

2021	\$ 1,053,407
2022	1,105,209
2023	1,149,664
2024	1,174,004
2025	1,198,864
Thereafter	2,544,804
Total	\$ 8,225,952

Rent expense for the years ended June 30, 2020 and 2019 was \$1,088,008 and \$1,040,586.

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, 2020 with comparative totals for June 30, 2019

NOTE 11 – LIQUIDITY AND AVAILABILITY

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

	2020	2019
Cash and cash equivalents	\$ 7,109,807	\$ 4,992,215
Contributions receivable, net	4,628,498	6,405,534
Other receivables	47,858	71,146
 Total financial assets at year end	 11,786,163	 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	(1,190,180)	(2,190,225)
Restricted by donor with purpose restrictions	(4,549,511)	(3,501,057)
 Financial assets available to meet cash needs for general expenditures within one year	 \$ 6,046,472	 \$ 5,777,613

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.

NOTE 12 – COVID CONSIDERATIONS

The extent of the impact of COVID-19 on Dēmos’ operations will depend on certain developments, including the duration and spread of the outbreak, and impact on Dēmos’ employees, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact Dēmos’ operations is uncertain.