



# VITAL VOICES

## GLOBAL PARTNERSHIP

### **Financial Statements**

*For the Year Ended December 31, 2020*

*(With Summarized Financial Information for the Year Ended December 31, 2019)*



**and**  
**Report Thereon**



**VITAL VOICES GLOBAL PARTNERSHIP, INC.**

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**For the Year Ended December 31, 2020**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Vital Voices Global Partnership, Inc.

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Vital Voices Global Partnership, Inc. (Vital Voices), which comprise the statement of financial position as of December 31, 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.

### ***Auditors' Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 2020 financial statements referred to above present fairly, in all material respects, the financial position of Vital Voices Global Partnership, Inc. as of December 31, 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.

**Other Matter***Report on Summarized Comparative Information*

We have previously audited Vital Voices' 2019 financial statements, and in our report dated June 29, 2020, we expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Handwritten signature of Marcum LLP in black ink.

Washington, DC  
June 29, 2021

VITAL VOICES GLOBAL PARTNERSHIP, INC.

STATEMENT OF FINANCIAL POSITION

December 31, 2020

(With Summarized Financial Information as of December 31, 2019)

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 4,305,576	\$ 4,306,657
Certificates of deposit	70,733	70,733
Grants and contributions receivable, net	5,619,334	6,982,489
Government grants and contracts receivable	899,754	681,026
Accounts receivable	109,346	75,196
Prepaid expenses and deposits	199,850	2,966,387
Inventory	36,022	33,822
Property and equipment, net	<u>28,887,968</u>	<u>56,451</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 40,128,583</u></u>	<u><u>\$ 15,172,761</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 358,215	\$ 213,637
Accrued payroll liability	448,617	89,468
Grants payable	514,247	109,851
Refundable advances	77,136	252,250
Funds held on behalf of others	5,320	4,764
Deferred rent and lease benefit	21,563	133,767
PPP note payable	801,660	-
Bonds payable, net	<u>21,099,464</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<u>23,326,222</u>	<u>803,737</u>
<b>Net Assets</b>		
Without donor restrictions	7,780,610	4,991,783
With donor restrictions	<u>9,021,751</u>	<u>9,377,241</u>
<b>TOTAL NET ASSETS</b>	<u>16,802,361</u>	<u>14,369,024</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 40,128,583</u></u>	<u><u>\$ 15,172,761</u></u>

The accompanying notes are an integral part of these financial statements.

**VITAL VOICES GLOBAL PARTNERSHIP, INC.**

**STATEMENT OF ACTIVITIES**

**For the Year Ended December 31, 2020**

**(With Summarized Financial Information for the Year Ended December 31, 2019)**

	Without Donor Restrictions	With Donor Restrictions	2020 Total	2019 Total
<b>REVENUE AND SUPPORT</b>				
Grants and contributions	\$ 2,800,067	\$ 5,315,372	\$ 8,115,439	\$ 11,997,651
Government grants and contracts	4,146,371	-	4,146,371	3,759,312
Special events revenue	2,096,648	30,736	2,127,384	2,397,999
In-kind goods and services	403,250	-	403,250	417,852
Other revenue	24,676	-	24,676	117,734
Net foreign currency gain (loss)	-	-	-	(5,893)
Net assets released from restrictions:				
Satisfaction of program restrictions	3,102,598	(3,102,598)	-	-
Satisfaction of time restrictions	2,599,000	(2,599,000)	-	-
	<b>15,172,610</b>	<b>(355,490)</b>	<b>14,817,120</b>	<b>18,684,655</b>
<b>EXPENSES</b>				
Program Services:				
Signature Programs	2,884,653	-	2,884,653	4,898,207
Network Activation	3,244,485	-	3,244,485	1,989,701
Individualized Investments	2,530,197	-	2,530,197	2,766,119
Global Engagement and Public Awareness	742,761	-	742,761	254,332
	<b>9,402,096</b>	<b>-</b>	<b>9,402,096</b>	<b>9,908,359</b>
Supporting Services:				
Management and general	1,325,005	-	1,325,005	1,053,738
Development and fundraising	1,655,047	-	1,655,047	1,873,482
Fundraising – cost of direct benefit to donors	1,635	-	1,635	187,273
	<b>1,656,682</b>	<b>-</b>	<b>1,656,682</b>	<b>2,060,755</b>
	<b>2,981,687</b>	<b>-</b>	<b>2,981,687</b>	<b>3,114,493</b>
	<b>12,383,783</b>	<b>-</b>	<b>12,383,783</b>	<b>13,022,852</b>
CHANGE IN NET ASSETS	2,788,827	(355,490)	2,433,337	5,661,803
NET ASSETS, BEGINNING OF YEAR	4,991,783	9,377,241	14,369,024	8,707,221
NET ASSETS, END OF YEAR	<b>\$ 7,780,610</b>	<b>\$ 9,021,751</b>	<b>\$ 16,802,361</b>	<b>\$ 14,369,024</b>

The accompanying notes are an integral part of these financial statements.

VITAL VOICES GLOBAL PARTNERSHIP, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2020

(With Summarized Financial Information for the Year Ended December 31, 2019)

	Program Services				Supporting Services			2020 Total	2019 Total	
	Signature Programs	Network Activation	Individualized Investments	Global Engagement and Public Awareness	Total Program Services	Management and General	Development and Fundraising			Total Supporting Services
Salaries and benefits	\$ 1,914,544	\$ 1,361,656	\$ 669,132	\$ 236,138	\$ 4,181,470	\$ 437,938	\$ 931,978	\$ 1,369,916	\$ 5,551,386	\$ 4,978,420
Grants and other assistance	356,947	1,489,390	1,081,293	-	2,927,630	-	-	-	2,927,630	2,015,368
Professional fees	266,644	118,920	563,810	326,031	1,275,405	318,542	451,737	770,279	2,045,684	1,994,615
Travel	32,260	708	27,050	5,872	65,890	49,412	12,766	62,178	128,068	1,651,483
Occupancy	158,855	182,854	134,409	41,861	517,979	116,028	93,368	209,396	727,375	720,338
Trainings and conferences	11,697	874	2,705	-	15,276	-	-	-	15,276	547,841
Receptions and special events	207	-	-	76,772	76,979	-	58,175	58,175	135,154	492,138
Postage, office supplies and small furniture	61,894	29,961	12,822	20,583	125,260	5,128	26,251	31,379	156,639	155,651
Other expenses	28,823	17,251	7,915	7,686	61,675	275,741	37,041	312,782	374,457	234,610
Printing	791	556	643	12,203	14,193	4,546	23,107	27,653	41,846	46,717
Insurance	17,367	19,990	14,694	4,576	56,627	66,720	10,207	76,927	133,554	65,016
Telephone and internet	17,756	12,895	8,792	2,737	42,180	12,541	7,237	19,778	61,958	65,412
Depreciation and amortization	10,563	7,297	5,364	3,059	26,283	4,274	3,726	8,000	34,283	31,934
Repairs and maintenance	6,305	2,133	1,568	5,243	15,249	34,135	1,089	35,224	50,473	23,309
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 2,884,653</b>	<b>\$ 3,244,485</b>	<b>\$ 2,530,197</b>	<b>\$ 742,761</b>	<b>\$ 9,402,096</b>	<b>\$ 1,325,005</b>	<b>\$ 1,656,682</b>	<b>\$ 2,981,687</b>	<b>\$ 12,383,783</b>	<b>\$ 13,022,852</b>

The accompanying notes are an integral part of these financial statements.

**VITAL VOICES GLOBAL PARTNERSHIP, INC.**

**STATEMENT OF CASH FLOWS**

**For the Year Ended December 31, 2020**

**(With Summarized Financial Information for the Year Ended December 31, 2019)**

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 2,433,337	\$ 5,661,803
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	34,283	31,934
Amortization of deferred rent and lease benefit	11,746	11,746
Contributions restricted for long-term capital project	(1,040,000)	(500,000)
Changes in assets and liabilities:		
Grants and contributions receivable	1,363,155	(4,020,612)
Government grants and contracts receivable	(218,728)	(22,572)
Accounts receivable	(34,150)	(33,737)
Prepaid expenses and deposits	2,766,537	(2,740,466)
Inventory	(2,200)	(2,348)
Accounts payable and accrued expenses	25,468	(26,082)
Accrued payroll liability	359,149	6,117
Grants payable	404,396	5,787
Refundable advances	(175,114)	202,250
Funds held on behalf of others	556	787
Deferred rent and lease benefit	(123,950)	(104,896)
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>5,804,485</b>	<b>(1,530,289)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property and equipment	(28,746,690)	(27,879)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(28,746,690)</b>	<b>(27,879)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Contributions restricted for long-term capital project	1,040,000	500,000
Proceeds from PPP note payable	801,660	-
Proceeds from bonds	21,502,502	-
Payments of bond issuance costs	(403,038)	-
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b>22,941,124</b>	<b>500,000</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(1,081)</b>	<b>(1,058,168)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>4,306,657</b>	<b>5,364,825</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 4,305,576</b>	<b>\$ 4,306,657</b>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Interest paid, net of capitalized interest in the amount of \$485,659	<b>\$ 8,956</b>	<b>\$ -</b>
<b>NONCASH TRANSACTIONS</b>		
Noncash investing activities:		
Property and equipment included in accounts payable and accrued expenses	<b>\$ 119,110</b>	<b>\$ -</b>

The accompanying notes are an integral part of these financial statements.



# VITAL VOICES GLOBAL PARTNERSHIP, INC.

## NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2020

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### 1. Organization and Summary of Significant Accounting Policies

#### **Organization**

Vital Voices Global Partnership, Inc. (Vital Voices) was incorporated on March 1, 1999, under the laws of the state of Delaware as a nonprofit 501(c)(3) public charity. Vital Voices' mission is to identify, invest in and bring visibility to extraordinary women around the world by unleashing their leadership potential to transform lives and accelerate peace and prosperity in their communities. These activities are funded primarily through foundation and corporate grants, contributions from individuals, United States and foreign government awards.

Vital Voices operates outside the United States through Vital Voices Europe, Ltd. Vital Voices also operates through a network of partners based in Argentina, Costa Rica, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Poland and Ukraine. Each of the foreign entities operates as a separate and distinct organization, with its own governance and financial structure.

#### **Basis of Accounting**

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

#### **Cash Equivalents**

Vital Voices considers money market funds to be cash equivalents.

#### **Certificates of Deposit**

Certificates of deposit are reported at cost, which approximates fair value. The certificates of deposit are held as security for the letter of credit issued in connection with the office space lease.

#### **Property and Equipment and Related Depreciation and Amortization**

Land, building, building improvements, furniture and equipment, software and website, and construction in progress are recorded at cost. Donated property is recorded at fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets: 40 years for the building and improvements and three to 10 years for furniture, equipment, software and website. Leasehold improvements are amortized over the shorter of their useful life or the remaining life of the lease. Construction in progress is not depreciated until the construction is completed and the asset is placed in service. Expenditures for major repairs and improvements are capitalized, while expenditures for minor repairs and maintenance costs are expensed when incurred. Vital Voices capitalizes all fixed assets greater than \$5,000 and with an economic life in excess of one year. Upon the retirement or disposal of assets, the cost and accumulated depreciation are eliminated from the respective accounts and the resulting gain or loss, if any, is included in revenue or expenses in the accompanying statement of activities.

# VITAL VOICES GLOBAL PARTNERSHIP, INC.

## NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2020

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### 1. Organization and Summary of Significant Accounting Policies (continued)

#### **Classification of Net Assets**

The net assets of Vital Voices are reported as follows:

- Net assets without donor restrictions represent the portion of expendable funds that are available for any purpose in performing the primary objectives of Vital Voices at the discretion of Vital Voices' management and the Board of Directors (the Board).
- Net assets with donor restrictions represent funds that are specifically restricted by donors for use in various programs and/or for specific periods of time. These donor restrictions can be temporary in nature in that they will be met by actions of Vital Voices or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity.

#### **Revenue Recognition**

Unconditional grants and contributions are reported as revenue and support in the year in which payments are received and/or unconditional promises to give are made. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. Vital Voices reports gifts of cash and other assets as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a stipulated time restriction ends or purpose of a restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statement of activities as net assets released from restrictions.

Grants and contributions that are expected to be collected within one year are recorded at net realizable value. Grants and contributions that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Management determines the allowance for probable uncollectible grants and contributions by reviewing all outstanding grants and contributions receivable for possible uncollectibility. Receivables are charged to the allowance account when deemed uncollectible.

Government grants are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses and are recognized as costs are incurred on the basis of direct costs plus allowable indirect expenses. Revenue recognized on government grants for which billings have not been presented to or collected from the awarding agency is included in grants and contracts receivable in the accompanying statement of financial position. The expenditures under these grants are subject to review by the granting authority. Unconditional grants that are received and spent in the same year are included as grants and contributions without donor restrictions in the accompanying statement of activities. Conditional government and non-government grant and contract awards received but not yet expended are included as refundable advances in the accompanying statement of financial position.

## VITAL VOICES GLOBAL PARTNERSHIP, INC.

### NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2020

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#### 1. Organization and Summary of Significant Accounting Policies (continued)

##### **Revenue Recognition (continued)**

Special events revenue consists of mainly unconditional contributions and ticket sales for gala events. Contributions are recorded as with or without donor restrictions based on whether they are restricted for a particular purpose or to a specific time as noted above. Ticket sales are treated as exchange transactions and are recognized at the point in time that the performance obligations are met, in this case at the time the gala event takes place.

##### **In-Kind Goods and Services**

Vital Voices receives donated professional services, lodging, airfare and other goods in support of all of its programs and supporting services. In-kind donations are recorded as revenue and expense at the estimated fair value as of the date of the donation, as based upon comparable market rates for similar goods and services.

##### **Grant Expenses**

Unconditional grants are expensed in the year in which the grant commitment is made to the partner organizations. Conditional grants – that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met.

##### **Foreign Currency Transactions**

Vital Voices occasionally receives grants denominated in a foreign currency. Vital Voices records such grants at the United States dollar equivalent as of the date of the transaction. Any outstanding pledge in a foreign currency is revalued in United States dollars at the current exchange rate as of the statement of financial position date. Any resulting foreign currency gain or loss is recorded in the accompanying statement of activities.

##### **Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statement of functional expenses. Expenses directly attributed to a specific functional area of Vital Voices are reported as expenses of those functional areas, while shared costs that benefit multiple functional areas have been allocated among the various functional areas based on estimates determined by management to be equitable. Shared costs are management and general costs which are pooled and allocated at year-end. These costs include salaries and benefits, professional fees, travel, occupancy, depreciation, repairs and maintenance, insurance, printing, postage, and office supplies and are allocated based on total direct expenses of the functional areas of expenses.

##### **Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**VITAL VOICES GLOBAL PARTNERSHIP, INC.**

**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2020**

2. Grants and Contributions Receivable

Grants and contributions receivable include amounts due from individuals, foundations and corporations. The amounts are expected to be collected as follows as of December 31, 2020:

Due in less than one year	\$ 3,504,753
Due in one to five years	<u>2,295,000</u>
Total Grants and Contributions Receivable	5,799,753
Less: Discount to Present Value (3.25% - 5.50%)	(145,419)
Less: Allowance for Doubtful Accounts	<u>(35,000)</u>
Grants and Contributions Receivable, Net	<u>\$ 5,619,334</u>

As of December 31, 2020, contributions of \$11,843,487 have not been recognized in the accompanying statement of activities because the conditions on which they depend have not yet been met. This amount specifically relates to cost-reimbursable grants that have not been recognized at December 31, 2020, because qualifying expenditures have not yet been incurred.

3. Property and Equipment

Vital Voices held the following property and equipment as of December 31, 2020:

Building and building improvements	\$ 20,864,295
Land	7,055,879
Construction in progress	892,587
Leasehold improvements	175,174
Software and website	213,904
Furniture and equipment	<u>62,080</u>
Total Property and Equipment	29,263,919
Less: Accumulated Depreciation and Amortization	<u>375,951</u>
Property and Equipment, Net	<u>\$ 28,887,968</u>

For the year ended December 31, 2020, depreciation and amortization expense was \$34,283.

On April 17, 2020, Vital Voices settled on the purchase of real property in Washington, D.C. for its headquarters office, for a sale price of \$26,500,000 that was partially financed by tax exempt bonds issued by the District of Columbia for the benefit of Vital Voices (Note 7).

**VITAL VOICES GLOBAL PARTNERSHIP, INC.**

**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2020**

4. Net Assets With Donor Restrictions

As of December 31, 2020, net assets with donor restrictions were for the following purposes or time specifications:

Subject to expenditure for specified purpose:	
Signature Programs	\$ 2,206,670
Building Fund	1,613,233
Individualized Investments	744,977
Network Activation	<u>494,744</u>
Total Subject to Expenditure for Specified Purpose	<u>5,059,624</u>
Subject to occurrence of specified events/passage of time:	
Passage of time	3,810,629
Specified events	<u>151,498</u>
Total Subject to Occurrence of Specified Events/ Passage of Time	<u>3,962,127</u>
Total Net Assets With Donor Restrictions	<u>\$ 9,021,751</u>

5. In-Kind Goods and Services

Vital Voices received donated professional legal services and other goods during the year ended December 31, 2020, valued at \$403,250, representing the fair value based upon comparable market rates for similar goods and services. The in-kind donations have been recorded as revenue and expenses in the accompanying financial statements.

6. Lines of Credit

Vital Voices obtained a \$600,000 secured revolving line of credit with a bank. The line of credit was secured by a blanket lien on all of Vital Voices' assets. Amounts drawn on this line of credit accrue interest at the London Interbank Offered Daily Rate plus 2.5%. As of December 31, 2020, the interest rate was 2.65%. There were no borrowings during the year ended December 31, 2020, and, as of December 31, 2020, Vital Voices had no outstanding balance under this line of credit. On April 10, 2020, Vital Voices terminated this line of credit.

On April 17, 2020, Vital Voiced obtained a new line of credit with a different financial institution for the same amount of \$600,000. The line of credit was secured by a blanket lien on all of Vital Voices' assets. Amounts drawn on this line of credit accrue interest at the Revolving Interest Rate, which is defined as the Prime Rate published in the Wall Street Journal. As of December 31, 2020, the interest rate was 3.25%. There were no borrowings during the year ended December 31, 2020, and, as of December 31, 2020, Vital Voices had no outstanding balance under this line of credit.

**VITAL VOICES GLOBAL PARTNERSHIP, INC.**

**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2020**

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7. Bonds Payable

In April 2020, Vital Voices issued through the District of Columbia Revenue Bonds (Vital Voices Global Partnership, Inc. Project) \$24,320,000 Series 2020A Bonds and \$2,895,000 Series 2020B Bonds for a total loan amount of \$27,215,000 which were purchased by a financial institution. During the year ended December 31, 2020, Vital Voices used \$21,100,000 to fund the acquisition of the building. The remaining amount of \$6,115,000 will be used to fund the renovation of its headquarters building in 2021. The bonds bear an interest rate of 3.150% and are scheduled to mature after thirty years on April 17, 2050. For the first twelve months of the loan term, Vital Voices is required to only pay interest.

Costs associated with the issuance of bonds have been deferred and are amortized over the terms of the bonds. Vital Voices uses the straight-line method, which approximates the effective interest method. The bond issuance costs are presented as a direct deduction from the face amount of the debt.

Vital Voices is required to make debt service payments monthly. Aggregate annual maturities of the bonds are due as follows:

<u>For the Year Ending</u> <u>December 31,</u>	
2021	\$ 240,431
2022	595,615
2023	614,919
2024	632,548
2025	655,348
Thereafter	<u>18,754,684</u>
Total Bonds Payable	21,493,545
Unamortized Deferred Financing Fees	<u>(394,081)</u>
Total	<u>\$ 21,099,464</u>

8. PPP Note Payable

On May 1, 2020, Vital Voices entered into a Small Business Administration loan with its financial institution under the Paycheck Protection Program (PPP) for the amount of \$801,660. The loan will mature on May 1, 2022, with a fixed interest rate of 1% per annum. Monthly payments of principal and interest will commence ten months after the end of the forgiveness covered period. The loan amount may be eligible for forgiveness pursuant to the PPP, which established minimum amounts of the loan to be used to cover payroll costs and the remainder can be used for mortgage interest, rent and utility costs over a specified period of time after the loan is made; and the number of employees and compensation levels are maintained. On January 20, 2021, Vital Voices applied for full forgiveness of the loan. Vital Voices was notified on February 7, 2021 that the Small Business Administration loan was fully forgiven.

## VITAL VOICES GLOBAL PARTNERSHIP, INC.

### NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2020

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#### 9. Commitments and Contingencies

##### **Conditional Grants**

Vital Voices provides certain grants to organizations, small businesses and individuals each year that are core to its mission. These grants are contingent on grant awardees' achievement of certain goals and milestones mutually agreed upon with Vital Voices, as well as conditional funding approval for future years from Vital Voices. During the year ended December 31, 2020, Vital Voices recognized \$999,472 in expenses relating to these grants based on the full execution of agreements and the achievement of the agreed-upon milestones, which amount is included in grants and other assistance in the accompanying statement of functional expenses. The total remaining balance of \$780,654 of grants executed as of December 31, 2020, will be recognized in future periods upon achievement of the agreed-upon milestones and approval of funding by Vital Voices.

##### **Concentration of Risk**

Vital Voices maintains its cash and cash equivalents and certificates of deposit with certain commercial financial institutions, for which aggregate balances may exceed, at times, the Federal Deposit Insurance Corporation (FDIC) insured limit of \$250,000 per depositor per institution. As of December 31, 2020, Vital Voices had approximately \$4,364,000 composed of demand deposits, money market funds and certificates of deposit, which exceeded the maximum limit insured by the FDIC by approximately \$3,864,000. Vital Voices monitors the creditworthiness of these institutions and has not experienced any historical credit losses on its cash and cash equivalents and certificates of deposit.

##### **Compliance Audit**

Vital Voices has received federal grants that are subject to review, audit and adjustment by various federal agencies for qualified expenses charged to the grants. Such audits could lead to requests for reimbursement to the federal agencies for any expenditures or claims disallowed under the terms of the agreements. The amount of expenditures which may be disallowed by the federal agencies cannot be determined at this time, although Vital Voices expects such amounts, if any, to be insignificant.

##### **Global Pandemic-COVID-19**

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses across the country for non-essential services. While the disruption is currently expected to be temporary, there is considerable uncertainty about the duration of closings. Vital Voices has been able to continue operations in a remote environment; however, at this point, the extent to which COVID-19 will impact Vital Voices' financial condition or results of operations is uncertain and being evaluated by management and the Board.

##### **Construction Contract**

On April 21, 2021, Vital Voices entered into an agreement for construction services totaling \$7,486,504 related to the renovation at Vital Voices' building in Washington D.C.

**VITAL VOICES GLOBAL PARTNERSHIP, INC.**

**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2020**

10. Availability and Liquidity

Vital Voices regularly monitors liquidity required to meet its annual operating needs and other contractual commitments. Vital Voices' financial assets available within one year of the statement of financial position date for general expenditures at December 31, 2020, were as follows:

Cash and cash equivalents	\$ 4,305,576
Grants and contribution receivable	5,619,334
Government grants and contracts and accounts receivable	899,754
Accounts receivable	<u>109,346</u>
Total Financial Assets Available	10,934,010
Less:	
Amounts unavailable for general expenditures within one year due to following donors' restriction:	
Pledges receivable to be collected in one year or more	(2,149,581)
Funds held on behalf of others	<u>(5,320)</u>
Financial Assets Available to Meet General Expenditures Within One Year	<u>\$ 8,779,109</u>

Vital Voices has various sources of liquidity at its disposal, including cash and cash equivalents, which are available for general expenditures, liabilities and other obligations as they come due.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, Vital Voices considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. Management is focused on sustaining the financial liquidity of Vital Voices throughout the year. This is done through monitoring and reviewing Vital Voices' cash flow needs on a weekly basis. As a result, management is aware of the cyclical nature of Vital Voices' cash flow related to Vital Voices' various funding sources and is therefore able to ensure that there is cash available to meet current liquidity needs. To help manage unanticipated liquidity needs, Vital Voices has a secured line of credit of \$600,000, which was unused and available to draw upon as of December 31, 2020.

11. Retirement Plan

Vital Voices sponsors a tax-deferred annuity plan that is qualified under Section 403(b) of the Internal Revenue Code (the IRC). Participating employees may make salary reduction contributions to the plan up to the maximum amount permitted by the IRC. Vital Voices makes a discretionary matching contribution to each participant's account. The retirement expense was \$70,999 for the year ended December 31, 2020, and is included in salaries and benefits expense in the accompanying statement of functional expenses.



**VITAL VOICES GLOBAL PARTNERSHIP, INC.**

**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2020**

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12. Income Taxes

Under Section 501(c)(3) of the IRC, Vital Voices is exempt from federal taxes on income other than net unrelated business income. For the year ended December 31, 2020, no provision for income taxes was made, as Vital Voices had no significant net unrelated business income.

Vital Voices adopted the authoritative guidance relating to accounting for uncertainty in income taxes included in FASB Accounting Standards Codification Topic 740, *Income Taxes*. These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition and derecognition of tax positions taken or expected to be taken in a tax return. Vital Voices performed an evaluation of uncertain tax positions for the year ended December 31, 2020, and determined that there were no matters that would require recognition in the financial statements or that may have any effect on Vital Voices' tax-exempt status. As of December 31, 2020, the statute of limitations remained open with the U.S. federal jurisdiction or the various states and local jurisdictions in which Vital Voices files tax returns; however, there are currently no examinations pending or in progress. As of December 31, 2020, Vital Voices had no accruals for interest and/or penalties.

13. Prior Year Summarized Financial Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class or functional expense. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with Vital Voices' financial statements for the year ended December 31, 2019, from which the summarized information was derived.

14. Subsequent Events

In preparing these financial statements, Vital Voices has evaluated events and transactions for potential recognition or disclosure through June 29, 2021, the date the financial statements were available to be issued. Except for the formal notification of the SBA's approval of Vital Voices loan forgiveness application described in Note 8, and the construction contract commitment described in Note 9, there were no subsequent events that require recognition or disclosure in these financial statements.