



VITAL VOICES

GLOBAL PARTNERSHIP

Financial Statements

For the Year Ended December 31, 2021

(With Summarized Financial Information for the Year Ended December 31, 2020)



and
Report Thereon



VITAL VOICES GLOBAL PARTNERSHIP, INC.

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For the Year Ended December 31, 2021

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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the financial statements of Vital Voices Global Partnership, Inc. (Vital Voices), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Vital Voices as of December 31, 2021, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Vital Voices and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Vital Voices' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance

but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Vital Voices' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Vital Voices' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited Vital Voices' December 31, 2020 financial statements, and our report dated June 29, 2021, expressed an unmodified audit opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Marcum LLP

Washington, DC
September 29, 2022

VITAL VOICES GLOBAL PARTNERSHIP, INC.

STATEMENT OF FINANCIAL POSITION

December 31, 2021

(With Summarized Financial Information as of December 31, 2020)

	2021	2020
ASSETS		
Cash and cash equivalents	\$ 6,782,450	\$ 4,305,576
Restricted cash – bond proceeds	3,545,442	-
Certificates of deposit	70,733	70,733
Grants and contributions receivable, net	7,652,172	5,619,334
Government grants and contracts receivable	2,482,046	899,754
Accounts receivable	3,923	109,346
Prepaid expenses and deposits	384,135	199,850
Inventory	36,022	36,022
Property and equipment, net	36,112,633	28,887,968
TOTAL ASSETS	\$ 57,069,556	\$ 40,128,583
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 2,560,812	\$ 358,215
Accrued payroll liability	364,811	448,617
Grants payable	787,348	514,247
Refundable advances	330,738	77,136
Funds held on behalf of others	7,735	5,320
Deferred rent and lease benefit	-	21,563
PPP note payable	-	801,660
Bonds payable, net	26,548,994	21,099,464
TOTAL LIABILITIES	30,600,438	23,326,222
Net Assets		
Without donor restrictions	9,917,796	7,780,610
With donor restrictions	16,551,322	9,021,751
TOTAL NET ASSETS	26,469,118	16,802,361
TOTAL LIABILITIES AND NET ASSETS	\$ 57,069,556	\$ 40,128,583

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, 2021
(With Summarized Financial Information for the Year Ended December 31, 2020)

	Without Donor Restrictions	With Donor Restrictions	2021 Total	2020 Total
REVENUE AND SUPPORT				
Grants and contributions	\$ 2,135,942	\$ 19,781,470	\$ 21,917,412	\$ 8,115,439
Government grants and contracts	7,688,889	-	7,688,889	4,146,371
Special events revenue	1,054,537	120,866	1,175,403	2,127,384
In-kind goods and services	361,668	-	361,668	403,250
Other revenue	39,385	-	39,385	24,676
Net assets released from restrictions:				
Satisfaction of program restrictions	10,472,765	(10,472,765)	-	-
Satisfaction of time restrictions	1,900,000	(1,900,000)	-	-
TOTAL REVENUE AND SUPPORT	23,653,186	7,529,571	31,182,757	14,817,120
EXPENSES				
Program Services:				
Leadership and Social Impact	1,612,022	-	1,612,022	1,971,925
Global Network and Regional Engagement	16,439,245	-	16,439,245	6,058,698
Issue Advocacy	781,457	-	781,457	642,112
Public Engagement	357,305	-	357,305	729,361
Total Program Services	19,190,029	-	19,190,029	9,402,096
Supporting Services:				
Management and general	1,500,675	-	1,500,675	1,325,005
Development and fundraising	1,587,927	-	1,587,927	1,655,047
Fundraising – cost of direct benefit to donors	39,029	-	39,029	1,635
Total Development and Fundraising	1,626,956	-	1,626,956	1,656,682
Total Supporting Services	3,127,631	-	3,127,631	2,981,687
TOTAL EXPENSES	22,317,660	-	22,317,660	12,383,783
Change in Net Assets from Operations	1,335,526	7,529,571	8,865,097	2,433,337
Other activity:				
PPP Loan forgiveness	801,660	-	801,660	-
CHANGE IN NET ASSETS	2,137,186	7,529,571	9,666,757	2,433,337
NET ASSETS, BEGINNING OF YEAR	7,780,610	9,021,751	16,802,361	14,369,024
NET ASSETS, END OF YEAR	\$ 9,917,796	\$ 16,551,322	\$ 26,469,118	\$ 16,802,361

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, 2021

(With Summarized Financial Information for the Year Ended December 31, 2020)

	Program Services					Supporting Services				
	Leadership and Social Impact	Global Network and Regional Engagement	Issue Advocacy	Public Engagement	Total Program Services	Management and General	Development and Fundraising	Total Supporting Services	2021 Total	2020 Total
Travel	\$ 4,881	\$ 6,823,531	\$ 11,477	\$ 3,839	\$ 6,843,728	\$ 61,607	\$ 30,003	\$ 91,610	\$ 6,935,338	\$ 128,068
Grants and other assistance	133,081	6,181,189	74,234	-	6,388,504	-	-	-	6,388,504	2,927,630
Salaries and benefits	1,140,725	2,684,900	449,383	227,603	4,502,611	445,437	830,942	1,276,379	5,778,990	5,551,386
Professional fees	269,774	348,407	219,019	77,786	914,986	525,940	516,141	1,042,081	1,957,067	2,045,684
Other expenses	19,562	122,365	12,107	14,414	168,448	277,490	34,595	312,085	480,533	374,457
Occupancy	8,427	85,940	3,848	1,868	100,083	70,802	8,505	79,307	179,390	727,375
Insurance	5,346	54,519	2,441	1,185	63,491	94,863	5,396	100,259	163,750	133,554
Postage, office supplies and small furniture	22,223	70,527	6,735	16,402	115,887	6,821	29,897	36,718	152,605	156,639
Receptions and special events	-	-	-	351	351	-	141,907	141,907	142,258	135,154
Telephone and internet	4,531	28,818	1,280	621	35,250	11,555	6,910	18,465	53,715	61,958
Printing	800	1,795	80	8,005	10,680	3,384	19,083	22,467	33,147	41,846
Depreciation and amortization	1,177	26,093	377	183	27,830	1,892	833	2,725	30,555	34,283
Repairs and maintenance	1,495	10,905	476	5,048	17,924	884	2,744	3,628	21,552	50,473
Trainings and conferences	-	256	-	-	256	-	-	-	256	15,276
TOTAL OPERATING EXPENSES	\$ 1,612,022	\$ 16,439,245	\$ 781,457	\$ 357,305	\$ 19,190,029	\$ 1,500,675	\$ 1,626,956	\$ 3,127,631	\$ 22,317,660	\$ 12,383,783

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, 2021
(With Summarized Financial Information for the Year Ended December 31, 2020)

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 9,666,757	\$ 2,433,337
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	30,555	34,283
Amortization of deferred rent and lease benefit	-	11,746
PPP Loan forgiveness	(801,660)	-
Contributions restricted for long-term capital project	(3,500,000)	(1,040,000)
Changes in assets and liabilities:		
Grants and contributions receivable	(2,032,838)	1,363,155
Government grants and contracts receivable	(1,582,292)	(218,728)
Accounts receivable	105,423	(34,150)
Prepaid expenses and deposits	(184,285)	2,766,537
Inventory	-	(2,200)
Accounts payable and accrued expenses	1,207,309	25,468
Accrued payroll liability	(83,806)	359,149
Grants payable	273,101	404,396
Refundable advances	253,602	(175,114)
Funds held on behalf of others	2,415	556
Deferred rent and lease benefit	(21,563)	(123,950)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>3,332,718</u>	<u>5,804,485</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(6,259,932)	(28,746,690)
NET CASH USED IN INVESTING ACTIVITIES	<u>(6,259,932)</u>	<u>(28,746,690)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions restricted for long-term capital project	3,500,000	1,040,000
Proceeds from PPP note payable	-	801,660
Proceeds from bonds	5,449,530	21,502,502
Payments of bond issuance costs	-	(403,038)
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>8,949,530</u>	<u>22,941,124</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	6,022,316	(1,081)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>4,305,576</u>	<u>4,306,657</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 10,327,892</u></u>	<u><u>\$ 4,305,576</u></u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest paid, net of capitalized interest in the amount of \$761,783	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of cash and cash equivalents:		
Cash and cash equivalents	\$ 6,782,450	\$ 4,305,576
Restricted cash – bond proceeds	3,545,442	-
	<u><u>\$ 10,327,892</u></u>	<u><u>\$ 4,305,576</u></u>
NONCASH TRANSACTIONS		
Noncash investing activities:		
Property and equipment included in accounts payable and accrued expenses	<u>\$ 995,288</u>	<u>\$ 119,110</u>
Noncash financing activities:		
PPP Loan forgiveness	<u>\$ 801,660</u>	<u>\$ -</u>

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, 2021

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, 2021

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, 2021

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, 2021

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, 2021:

Due in less than one year	\$ 4,990,251
Due in one to five years	2,675,000
Due in over five years	<u>215,000</u>
Total Grants and Contributions Receivable	7,880,251
Less: Discount to Present Value (3.25% - 5.50%)	(193,079)
Less: Allowance for Doubtful Accounts	<u>(35,000)</u>
Grants and Contributions Receivable, Net	<u><u>\$ 7,652,172</u></u>

As of December 31, 2021, contributions of \$13,727,344 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, 2021, because qualifying conditions have not yet been incurred.

3. Property and Equipment

Vital Voices held the following property and equipment as of December 31, 2021:

Building and building improvements	\$ 21,626,078
Land	7,055,879
Construction in progress	7,386,023
Software and website	213,904
Furniture and equipment	<u>45,894</u>
Total Property and Equipment	36,327,778
Less: Accumulated Depreciation and Amortization	<u>(215,145)</u>
Property and Equipment, Net	<u><u>\$ 36,112,633</u></u>

For the year ended December 31, 2021, depreciation and amortization expense was \$30,555.

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, 2021

4. Net Assets With Donor Restrictions

As of December 31, 2021, net assets with donor restrictions were for the following purposes or time specifications:

Subject to expenditure for specified purpose:	
Global Network and Regional Engagement	\$ 3,600,987
Building Fund	4,913,232
Leadership and Social Impact	1,257,852
Issue Advocacy	1,482,209
Public Engagement	<u>40,000</u>
Total Subject to Expenditure for Specified Purpose	<u>11,294,280</u>
Subject to occurrence of specified events/passage of time:	
Passage of time	<u>5,257,042</u>
Total Subject to Occurrence of Specified Events/ Passage of Time	<u>5,257,042</u>
Total Net Assets With Donor Restrictions	<u>\$ 16,551,322</u>

5. In-Kind Goods and Services

Vital Voices received donated professional legal services and other goods during the year ended December 31, 2021, valued at \$361,668, 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

On April 17, 2020, Vital Voiced obtained a line of credit with a financial institution for the 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, 2021, the interest rate was 3.25%. There were no borrowings during the year ended December 31, 2021, and, as of December 31, 2021, Vital Voices had no outstanding balance under the line of credit.

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. Vital Voices used \$21,100,000 to fund the acquisition of the building. The remaining amount was used to fund the renovation of its headquarters building. As of December 31, 2021, the amount of \$3,545,442 was the restricted cash balance available to Vital Voices and is reflected as restricted cash bond proceeds in the accompanying statement of financial position.

VITAL VOICES GLOBAL PARTNERSHIP, INC.

NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2021

7. Bonds Payable (continued)

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.

The bonds are secured by the building and require Vital Voices to comply with certain financial and nonfinancial covenants. As of December 31, 2021, Vital Voices had not filed the required reports. The bank issued a waiver for extending the deadline for the reports fillings. Vital Voices was in compliance with all other financial loan covenants.

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

For the Year Ending December 31,	
2022	\$ 595,615
2023	614,919
2024	632,548
2025	655,348
2026	676,587
Thereafter	<u>23,799,552</u>
Total Bonds Payable	26,974,569
Unamortized Deferred Financing Fees	<u>(425,575)</u>
Total	<u>\$ 26,548,994</u>

8. PPP Note Payable

On May 1, 2020, Vital Voices entered into a Small Business Administration (SBA) loan with its financial institution under the Paycheck Protection Program (PPP) for the amount of \$801,660. The loan was to mature on May 1, 2022, and had a fixed interest rate of 1% per annum. Consecutive payments monthly payments of principal and interest would commence one month after the earlier of the following: (1) the date the financial institution receives the applicable forgiveness amount from the SBA; or (2) the date that is 10 months after the end of the forgiveness covered period, through the maturity date. The loan amount was eligible for forgiveness pursuant to the PPP, which established minimum amounts of the loan to be used to cover payroll costs and the remainder used for mortgage interest, rent and utility costs over a specified period of time after the loan was made, assuming the number of employees and compensation levels were maintained. Vital Voices applied for forgiveness of the PPP loan, and the application for forgiveness was approved on February 7, 2021 to forgive the entire amount of \$801,660.

VITAL VOICES GLOBAL PARTNERSHIP, INC.

NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2021

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, 2021, Vital Voices recognized \$2,544,173 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 \$1,358,731 of grants executed as of December 31, 2021, 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, 2021, Vital Voices had approximately \$6,414,000 composed of demand deposits, money market funds and certificates of deposit, which exceeded the maximum limit insured by the FDIC by approximately \$5,914,000. 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.

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. As of December, 31, 2021, the construction services totaled \$8,295,293 of which \$5,336,253 were performed and \$2,959,040 remained to be completed.

VITAL VOICES GLOBAL PARTNERSHIP, INC.

NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2021

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, 2021, were as follows:

Cash and cash equivalents	\$ 6,782,450
Restricted cash – bond proceeds	3,545,442
Grants and contribution receivable	4,990,251
Government grants and contracts receivable	2,482,046
Accounts receivable	<u>3,923</u>
Total Financial Assets Available	17,804,112
Less amounts not available to be used within one year:	
Net assets expected to be released from time restrictions in one year or more	(2,696,921)
Funds held on behalf of others	<u>(7,733)</u>
Financial Assets Available to Meet General Expenditures Within One Year	<u>\$ 15,099,458</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, 2021.

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 \$70,440 for the year ended December 31, 2021, 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, 2021

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, 2021, 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, 2021, 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, 2021, 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, 2021, 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, 2020, from which the summarized information was derived.

14. Reclassification

Certain amounts in the 2020 financial statements have been reclassified for comparative purposes to conform to the presentation of the current year financial statements.

15. Subsequent Events

In preparing these financial statements, Vital Voices has evaluated events and transactions for potential recognition or disclosure through September 29, 2022, the date the financial statements were available to be issued. On August 8, 2022, Vital Voices completed the renovation of the headquarters building and placed it in service. There were no other subsequent events that require recognition or disclosure in these financial statements.