People United for Privacy Foundation

FINANCIAL REPORT

December 31, 2023

PEOPLE UNITED FOR PRIVACY FOUNDATION
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
People United for Privacy Foundation
Glendale, Arizona

Opinion

We have audited the accompanying financial statements of People United for Privacy Foundation (a nonprofit organization), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of People United for Privacy Foundation as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of People United for Privacy Foundation 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 People United for Privacy Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

D.K. Weiss, Holt & Associates, PLLC

Kentwood, Michigan
April 29, 2024

PEOPLE UNITED FOR PRIVACY FOUNDATION
STATEMENTS OF FINANCIAL POSITION

	December 31,	
	2023	2022
Assets		
Current Assets		
Cash	$ 1,009,338	$ 992,548
Accounts and contributions receivable	43,436	14,919
Prepaid expenses and other current assets	2,146	16,984
Total current assets	1,054,920	1,024,451
Property and Equipment (Note 3)	21,803	955
Total Assets	**$ 1,076,723**	**$ 1,025,406**
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	$ 14,663	$ 28,786
Accrued expenses and other current liabilities	84,855	-
Total (current) liabilities	99,518	28,786
Net Assets		
Without donor restrictions	977,205	996,620
Total Liabilities and Net Assets	**$ 1,076,723**	**$ 1,025,406**

See accompanying notes to financial statements.

PEOPLE UNITED FOR PRIVACY FOUNDATION
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains, and Other Support			
Contributions	$ 2,263,850	$ 20,000	$ 2,283,850
Digital fundraising	1,558	-	1,558
Direct mail revenue	6,509	-	6,509
Other income	34	-	34
Shared services revenue	105,502	-	105,502
Net assets released from restrictions	20,000	(20,000)	-
Total revenue, gains, and other support	2,397,453	-	2,397,453
Expenses			
Program services	1,395,413	-	1,395,413
Management and general	365,207	-	365,207
Fundraising	656,248	-	656,248
Total expenses	2,416,868	-	2,416,868
Decrease in Net Assets	(19,415)	-	(19,415)
Net Assets - Beginning of Year	996,620	-	996,620
Net Assets - End of Year	**$ 977,205**	**$ -**	**$ 977,205**

See accompanying notes to financial statements.

PEOPLE UNITED FOR PRIVACY FOUNDATION
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2022

	Without Donor Restrictions
Revenue, Gains, and Other Support	
Contributions	$ 2,165,000
Digital fundraising	51,255
Direct mail revenue	32,592
Other income	59,033
Total revenue, gains, and other support	2,307,880
Expenses	
Program services	1,156,251
Management and general	215,103
Fundraising	614,595
Total expenses	1,985,949
Increase in Net Assets	321,931
Net Assets - Beginning of Year	674,689
Net Assets - End of Year	**$ 996,620**

See accompanying notes to financial statements.

PEOPLE UNITED FOR PRIVACY FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2023

		Supporting Activities			
	Program Services	Management and General	Fundraising	Supporting Activities Subtotal	Total Expenses
Advertising and marketing	$ 1,427	$ 2,500	$ 38,544	$ 41,044	$ 42,471
Business expenses	4,879	1,789	-	1,789	6,668
Contractors	465,034	15,918	320,663	336,581	801,615
Depreciation	-	4,172	-	4,172	4,172
Grants	90,000	-	-	-	90,000
Insurance	-	1,444	177	1,621	1,621
Mailing and postage	1,396	3	20,951	20,954	22,350
Office expenses	22,583	20,001	12,776	32,777	55,360
Other fees	-	2,370	-	2,370	2,370
Professional fees	-	79,310	-	79,310	79,310
Rent expense	5,810	8,942	896	9,838	15,648
Salaries and wages	731,544	227,052	190,674	417,726	1,149,270
Sponsorships	15,000	-	-	-	15,000
Travel	57,740	1,706	71,567	73,273	131,013
Total	**$ 1,395,413**	**$ 365,207**	**$ 656,248**	**$ 1,021,455**	**$ 2,416,868**

See accompanying notes to financial statements.

PEOPLE UNITED FOR PRIVACY FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022

	Program Services	Supporting Activities: Management and General	Supporting Activities: Fundraising	Supporting Activities Subtotal	Total Expenses
Advertising and marketing	$ 4,100	$ -	$ -	$ -	$ 4,100
Contractors	515,846	21,406	355,546	376,952	892,798
Depreciation	-	420	-	420	420
Grants	75,000	-	-	-	75,000
Insurance	-	2,050		2,050	2,050
Mailing and postage	-	-	106,399	106,399	106,399
Office expenses	-	21,039	-	21,039	21,039
Other fees	-	8,726	-	8,726	8,726
Professional fees	15,000	53,057	-	53,057	68,057
Salaries and wages	427,882	104,095	115,663	219,758	647,640
Sponsorships	45,000	-	-	-	45,000
Travel	73,423	4,310	36,987	41,297	114,720
Total	**$ 1,156,251**	**$ 215,103**	**$ 614,595**	**$ 829,698**	**$ 1,985,949**

See accompanying notes to financial statements.

PEOPLE UNITED FOR PRIVACY FOUNDATION
STATEMENTS OF CASH FLOWS

	Year-ended December 31, 2023	Year-ended December 31, 2022
Cash Flows from Operating Activities		
Increase (decrease) in net assets	$ (19,415)	$ 321,931
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation	4,172	420
(Increase) decrease in assets:		
Accounts and contributions receivable	(28,517)	18,678
Prepaid expenses and other current assets	14,838	(16,984)
Increase (decrease) in liabilities:		
Accounts payable	(14,123)	(34,356)
Accrued expenses and other current liabilities	84,855	-
Net cash provided by operating activities	41,810	289,689
Cash Flows from Investing Activities		
Purchase of property and equipment	(25,020)	(1,375)
Net Increase in Cash	16,790	288,314
Cash - Beginning of year	992,548	704,234
Cash - End of year	**$ 1,009,338**	**$ 992,548**
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	$ -	$ -

See accompanying notes to financial statements.

NOTE 1 – NATURE OF OPERATIONS

People United for Privacy Foundation (the "Organization"), is a 501(c)(3) nonprofit, nonpartisan educational organization founded in 2017 to defend the rights of all Americans – regardless of their beliefs – to come together in support of their shared values. A description of the Organization's significant program is as follows:

Program	Description
Educate lawmakers, stakeholders, public	The program aims to educate various audiences on the need to protect citizen privacy with proactive legislation.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) *"Audit and Accounting Guide for Not-for-Profit Organizations"* (the "Guide").

Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

- Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization's Board may designate assets without restrictions for specific operational purposes from time to time.

- Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions

Unconditional contributions are recognized when pledged and recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and / or nature of any donor-imposed restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Gifts of cash and other assets are reported with donor restricted support if they are received with donor stipulations that limit the use of the donated assets.

When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restriction support. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Contributions restricted for the acquisition of land, buildings, and equipment are reported as net assets without donor restriction upon acquisition of the assets and the assets are placed in service.

Revenue and Revenue Recognition

The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. 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.

The Organization has adopted Accounting Standards Update (ASU) No. 2014-09 - *Revenue from Contracts with Customers (Topic 606)*, as amended as management believes the standard improves the usefulness and understandability of the Organization's financial reporting.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash

The Organization maintains its cash in bank deposit accounts that, at times, may exceed the federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per account. At December 31, 2023 and 2022, the Organization had approximately $509,000 and $492,000 in deposit accounts in excess of FDIC insured limits. However, the Organization has never experienced any losses in its deposit accounts and management does not believe it is exposed to any significant credit (or other) risk associated with its cash in its deposit accounts.

Property and Equipment

Property and equipment with a projected useful life exceeding one year and in excess of $500 are recorded at cost. Depreciation is computed principally using the straight-line method, based on estimated useful lives of the assets. Costs of maintenance and repairs that do not extend the life of the asset are charged to expense when incurred.

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor.

Measure of Operations

The statements of activities and changes in net assets reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Organization's ongoing activities. Non-operating activities are limited to resources that generate return from investments, endowment contributions, financing costs, and other activities considered to be of a more unusual or nonrecurring nature.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Organization. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages – which are allocated based on estimated time and effort. All other expenses are allocated based on the benefit received, estimates of time and costs of specific technology utilized and / or estimates of time and effort.

Although the methods of allocation used are considered reasonable, other methods could be used that would produce a different amount.

Tax Status

The Organization is a not-for-profit organization that has tax-exempt status under the provisions of the Internal Revenue Code section 501(c)(3). Net income from activities unrelated to the Organization's tax-exempt purpose is subject to taxation. The Organization had no significant unrelated business income during 2023 or 2022, and accordingly, no provision for income taxes has been made in the accompanying financial statements.

The Organization annually files IRS Form 990 - *Return of Organization Exempt from Income Tax* reporting various information that the IRS uses to monitor the activities of tax-exempt entities. The Organization's Form 990 is generally only subject to federal income tax examinations by tax authorities for years before 2020. There were no tax penalties or interest recognized during the year or accrued at year end.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting for Uncertainty in Income Taxes

The Organization has adopted the provisions of ASC Topic 740, *Income Taxes*, relating to uncertain tax positions. ASC Topic 740 provides a consistent framework to determine the appropriate level of tax reserves to maintain for uncertain tax positions.

The effects of tax positions are recognized in the financial statements consistent with amounts reflected in tax returns filed or expected to be filed with taxing authorities. For tax positions the Organization considers to be uncertain, current or deferred tax liabilities are recognized or assets de-recognized, when it is probable that an income tax liability has been incurred and the amount is reasonably estimable, or when it is probable that a tax benefit, such as a tax credit or loss carryforward, will be disallowed by a taxing authority.

No amounts have been identified, or recorded, as uncertain tax positions.

Advertising and Marketing

Advertising and marketing costs are expensed when incurred. Advertising and marketing costs totaled $42,471 and $4,100 during 2023 and 2022, respectively.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

The Organization accounts for leases in accordance with ASC Topic 842, *Leases*. For any new or modified lease, the Organization, at inception of the contract, determines whether a contract is or contains a lease. A lease exists when a contract conveys the right to control the use of identified property and equipment for a period of time in exchange for consideration. The Organization records *right-of-use* ("ROU") assets and lease obligations for its finance and operating leases, which are initially recognized based on the discounted future lease payments over the term of the lease. When the rate implicit in the Organization's leases is not readily determinable, the Organization's applicable incremental borrowing rate at lease inception is used in calculating the present value of the sum of the lease payments. Relevant information used in determining the Organization's incremental borrowing rate includes the duration of the lease, location of the lease, and the Organization's credit risk relative to risk-free market rates.

The lease term is defined as the non-cancelable period of the lease plus any options to extend or terminate the lease when it is reasonably certain the Organization will exercise the option. Leases, and any leasehold improvements, are depreciated over the expected lease term. Lease terms include the noncancelable portion of the underlying leases along with any reasonably certain lease periods associated with available renewal periods.

The Organization determines if an arrangement is a lease at contract inception. Arrangements that are leases with an initial term of 12 months or less are not recorded in the financial statements and the Organization recognizes lease expense for these leases on a straight-line basis over the lease term.

ROU assets are subject to the long-lived asset impairment guidance in ASC Topic 360-10, *Property, Plant, and Equipment*. The Organization monitors for events or changes in circumstances that require a reassessment of a lease. When a reassessment results in the remeasurement of a lease liability, a corresponding adjustment is made to the carrying amount of the corresponding ROU asset – unless doing so would reduce the carrying amount of the ROU asset to an amount less than zero.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make many estimates and assumptions that may have a material impact on the Organization's financial statements and related disclosures and on the comparability of such information over different reporting periods. All such estimates and assumptions affect reported amounts of assets, liabilities, revenues and expenses, as well as disclosures of contingent assets and liabilities. Estimates and assumptions are based on management's experience and other information available prior to the issuance of the financial statements. Materially different results can occur as circumstances change and additional information becomes known.

NOTE 3 – PROPERTY AND EQUIPMENT

Costs and depreciable lives of property and equipment are summarized as follows:

	2023	2022	Depreciable life-years
Furniture and equipment	$ 26,395	$ 1,375	5
Less: accumulated depreciation	4,592	420	
Net property and equipment	**$ 21,803**	**$ 955**	

Depreciation expense totaled $4,172 and $420 during 2023 and 2022, respectively.

NOTE 4 – NET ASSETS – WITH DONOR RESTRICTIONS

The Organization received contributions totaling $20,000 during 2023 that were subject to expenditure for specified purposes. All funds were released during 2023 and were for the *Educate, lawmakers, stakeholders, public* program.

NOTE 5 – MAJOR DONORS

One donor accounted for $1,600,000 (approximately 67%) of the Organization's total support during 2023. There were no amounts due from this donor at December 31, 2023.

Two donors accounted for $1,982,000 (approximately 86%) of the Organization's total support during 2022. There were no amounts due from these donors at December 31, 2022.

NOTE 5 – LIQUIDITY

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The Organization's financial assets available within one year of the statement of financial position date for general expenditure are as follows at December 31:

	2023	2022
Cash	$ 1,009,338	$ 992,548
Accounts and contributions receivable	43,436	14,919
	$ 1,052,774	**$ 1,007,467**

NOTE 6 – SUBSEQUENT EVENTS

In accordance with ASC 855, *Subsequent Events*, the Organization evaluated subsequent events through April 29, 2024, the date these financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.