Financial Statements

For the Year Ended June 30, 2023

MULLINS P.C.
A CPA firm dedicated to serving nonprofits

Independent Auditor's Report

Board of Directors
Electronic Registration Information Center
Washington, DC

Opinion

We have audited the accompanying financial statements of Electronic Registration Information Center (ERIC), which comprise the statement of financial position as of June 30, 2023, 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 financial statements referred to above present fairly, in all material respects, the financial position of ERIC as of June 30, 2023, 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. 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 ERIC 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 ERIC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Board of Directors
Electronic Registration Information Center

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, including omissions, 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 ERIC'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 ERIC'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.

Mullins PC

Bethesda, Maryland
April 23, 2024

Certified Public Accountants

Electronic Registration Information Center

Statement of Financial Position
June 30, 2023

Assets	
Cash	**$ 974,205**
Accounts Receivable	**2,500**
Prepaid Expenses and Deposits	**99,409**
Property and Equipment - Net	**32,845**
Total Assets	**$ 1,108,959**
Liabilities and Net Assets	
Liabilities	
Accounts Payable	**$ 64,430**
Deferred Revenues	**207,572**
Total Liabilities	**272,002**
Net Assets	
Without Donor Restrictions	**836,957**
Total Liabilities and Net Assets	**$ 1,108,959**

See Accompanying Notes to Financial Statements

Electronic Registration Information Center

Statement of Activities
For The Year Ended June 30, 2023

Support and Revenues	
Membership Dues	**$ 1,544,823**
Interest Income	**120**
Total Support and Revenues	**1,544,943**
Expenses	
Program Services	**1,264,483**
Supporting Services	
General and Administrative	**197,940**
Total Supporting Service Expense	**197,940**
Total Expenses	**1,462,423**
Change in Net Assets	**82,520**
Net Assets, Beginning of Year	**754,437**
Net Assets, End of Year	**$ 836,957**

See Accompanying Notes to Financial Statements

Electronic Registration Information Center

Statement of Functional Expenses
For The Year Ended June 30, 2023

	Program	General and Administrative	**Total**
Personnel	$ 408,279	$ 50,007	**$ 458,286**
Consulting and Professional Fees	368,157	104,940	**473,097**
Information Technology	328,015	-	**328,015**
Office Expense	12,646	13,162	**25,808**
Software License	120,398	-	**120,398**
Data Subscriptions	3,480	-	**3,480**
Meetings	-	14,154	**14,154**
Travel	22,016	7,594	**29,610**
Insurance	1,492	4,332	**5,824**
Depreciation	-	3,751	**3,751**
Total	$ 1,264,483	$ 197,940	**$ 1,462,423**

See Accompanying Notes to Financial Statements

Electronic Registration Information Center

Statement of Cash Flows
For The Year Ended June 30, 2023

Cash Flows from Operating Activities		
Increase (Decrease) in Net Assets	$	**82,520**
Adjustments to Reconcile Increase (Decrease) in Net Assets		
to Net Cash Provided by (Used in) Operating Activities		
Depreciation and Amortization		**3,751**
(Increase) Decrease in Assets		
Accounts Receivable		**47,500**
Prepaid Expenses and Deposits		**(52,889)**
Increase (Decrease) in Liabilities		
Accounts Payable		**(19,445)**
Deferred Revenues		**153,423**
Net Cash Provided by (Used in) Operating Activities		**214,860**
Cash Flows from Investing Activities		
Purchase of Property and Equipment		**(13,813)**
Net Cash Provided by (Used in) Investing Activities		**(13,813)**
Increase (Decrease) in Cash		**201,047**
Cash, Beginning of Year		**773,158**
Cash, End of Year	**$**	**974,205**

See Accompanying Notes to Financial Statements

1. ORGANIZATION

Electronic Registration Information Center (ERIC), is a non-profit organization with the sole mission of assisting states to improve the accuracy of America's voter rolls and increase access to voter registration for all eligible citizens. ERIC is governed and managed by states who choose to join, and was formed in 2012 with assistance from The Pew Charitable Trusts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements are presented in accordance with the accrual basis of accounting, whereby revenue is recognized when earned and expenses are recognized when incurred.

The financial statements of ERIC have been prepared in accordance with U.S. generally accepted accounting principles (US GAAP), which requires ERIC to report information regarding its financial position and activities according to the following net asset classifications:

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 ERIC. These net assets may be used at the discretion of management and the Board of Directors.

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 ERIC or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities. There were no net assets with donor restrictions as of June 30, 2023.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Accounts Receivable

Accounts receivable are reported at their outstanding balances. Accounts receivable are considered past due based on management's determination. Accounts receivable are charged off based on management's case-by-case determination that they are uncollectible.

Property and Equipment

Property and equipment are capitalized at cost if unit costs exceed $1,000. Otherwise the items are expensed when paid, including repairs and maintenance. Depreciation and amortization is computed on the straight-line method over the estimated useful life of the asset which ranges from three to five years.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Membership dues are invoiced based on fixed rate schedules at the beginning of the membership year, which corresponds with ERIC's fiscal year. Revenue from membership dues is recognized during the membership year as membership benefits are provided, resulting in no related deferred revenue balance for the current annual membership period at year end. As of June 30, 2023, there were $207,572 of deferred dues that will be recognized as revenue in the following fiscal year.

Functional Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, occupancy and office expenses, depreciation, information technology costs, and insurance have been allocated among the programs and supporting services based on employee time and effort.

Income Taxes

ERIC is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, ERIC may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of ERIC and various positions related to the potential sources of unrelated business taxable income (UBIT).

The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for at June 30, 2023.

ERIC's policy would be to recognize interest and penalties, if any, on tax positions related to its unrecognized tax benefits in income tax expense in the financial statements. No interest and penalties were assessed or recorded during 2023. ERIC's IRS Forms 990 that have been filed are subject to examination by the Internal Revenue Service, generally for three years after they were filed.

New Accounting Pronouncements

In 2016, FASB issued ASU 2016-02, Leases (Topic 842). Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than twelve months. The new standard applies to finance and operating leases entered into after the standard was issued. ERIC does not have any leases requiring recognition on the statement of financial position.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncements (Continued)

In September 2020, the FASB issued ASU 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. The standard requires nonprofit entities to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. The standard also increases the disclosure requirements around contributed nonfinancial assets, including disaggregating by category the types of contributed nonfinancial assets a nonprofit entity has received. This standard was adopted in the current fiscal year and did not have a significant impact on the financial statements.

Recent Accounting Pronouncements

In June 2016, the FASB issued ASU 2016-13, Financial Instruments – Credit Losses (Topic 326). This guidance requires ERIC to measure all expected credit losses for financial instruments held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. The guidance is effective beginning in 2024.

Subsequent Events

Management has evaluated subsequent events through April 23, 2024, the date which the financial statements were available to be issued. The accompanying financial statements recognize the effects of subsequent events that provided evidence about conditions that existed at the statement of financial position date, including the estimates inherent in the process of preparing financial statements. The accompanying financial statements do not recognize the effect of subsequent events with conditions that did not exist at the statement of financial position date, but disclosures of such events, if any, are included in the accompanying notes.

3. CONCENTRATION OF CREDIT RISK

ERIC maintains its cash balances in banks insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per bank. As of June 30, 2023, ERIC's balances exceeded the FDIC insured limit by approximately $475,000.

4. PROPERTY AND EQUIPMENT

Property and equipment as of June 30, 2023 was as follows:

Computer Equipment	$	12,757
Software		518,822
Website		34,094
Less Accumulated Depreciation and Amortization		(532,828)
Property and Equipment - Net	$	32,845

Depreciation and amortization expense for the year ended June 30, 2023 was $3,751.

5. NET ASSETS

There were no net assets with donor restrictions as of June 30, 2023.

Net assets without donor restrictions as of June 30, 2023 were undesignated.

6. RETIREMENT PLAN

ERIC provides a 401(k)-retirement plan for the benefit of employees. The plan allows full-time employees to defer a portion of their compensation, pursuant to the Internal Revenue Code. ERIC matches employee contributions up to 6%. ERIC contributed $21,991 to the 401(k) plan during 2023.

7. AVAILABILITY AND LIQUIDITY

The following represents ERIC's financial assets at June 30, 2023:

Financial Assets at Year End:	
Cash	$ 974,205
Accounts Receivable	2,500
Total Financial Assets	976,705
Less Amounts Not Available To Be Used Within One Year:	
Net Assets With Donor Restrictions	-
Less: Net Assets With Purpose Restrictions To Be Met in Less Than a Year	-
Quasi Endowment Established by the Board	-
	-
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	$ 976,705

As part of ERIC's liquidity management plan, cash in excess of daily requirements is transferred to income-generating accounts, when practical.