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**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2021**



## **Independent Auditors' Report**

Board of Directors  
Electronic Registration Information Center  
Washington, DC

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

We have audited the accompanying financial statements of Electronic Registration Information Center, which comprise the statement of financial position as of June 30, 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.

### ***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 the 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 auditors consider internal control relevant to ERIC'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 ERIC'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.

Board of Directors  
Electronic Registration Information Center

**Report on the Financial Statements (Continued)**

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Electronic Registration Information Center, as of June 30, 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.

A handwritten signature in black ink that reads "Mullins PC". The signature is written in a cursive, flowing style.

Bethesda, Maryland  
December 3, 2021

Certified Public Accountants

**Electronic Registration Information Center**

**Statement of Financial Position  
June 30, 2021**

<b>Assets</b>	
Cash	<b>\$ 1,093,993</b>
Prepaid Expenses and Deposits	<b>82,451</b>
Property and Equipment - Net	<b><u>19,337</u></b>
<b>Total Assets</b>	<b><u>\$ 1,195,781</u></b>
<b>Liabilities and Net Assets</b>	
<b>Liabilities</b>	
Accounts Payable	<b>\$ 33,875</b>
Deferred Revenues	<b><u>302,260</u></b>
<b>Total Liabilities</b>	<b><u>336,135</u></b>
<b>Net Assets</b>	
Without Donor Restrictions	<b><u>859,646</u></b>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 1,195,781</u></b>

***See Accompanying Notes to Financial Statements***

## Electronic Registration Information Center

### Statement of Activities For The Year Ended June 30, 2021

<b>Support and Revenues</b>	
Membership Dues	\$ 971,091
Interest Income	153
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<b>Total Support and Revenues</b>	<b>971,244</b>
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<b>Expenses</b>	
Program Services	931,838
Supporting Services	
General and Administrative	121,753
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Total Supporting Service Expense	121,753
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<b>Total Expenses</b>	<b>1,053,591</b>
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<b>Change in Net Assets</b>	<b>(82,347)</b>
Net Assets, Beginning of Year	941,993
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<b>Net Assets, End of Year</b>	<b>\$ 859,646</b>
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*See Accompanying Notes to Financial Statements*

## Electronic Registration Information Center

### Statement of Functional Expenses For The Year Ended June 30, 2021

	<u>Program</u>	<u>General and Administrative</u>	<u>Total</u>
Personnel	\$ 370,373	\$ 39,345	\$ <b>409,718</b>
Consulting and Professional Fees	440,690	48,873	<b>489,563</b>
Office Expense	6,369	5,524	<b>11,893</b>
Software License	110,116	-	<b>110,116</b>
Travel	162	22	<b>184</b>
Insurance	4,128	438	<b>4,566</b>
Depreciation and Amortization	-	1,321	<b>1,321</b>
Other	-	26,230	<b>26,230</b>
<b>Total</b>	<u>\$ 931,838</u>	<u>\$ 121,753</u>	<u>\$ <b>1,053,591</b></u>

*See Accompanying Notes to Financial Statements*

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## Electronic Registration Information Center

### Statement of Cash Flows For The Year Ended June 30, 2021

#### Cash Flows from Operating Activities

Increase (Decrease) in Net Assets	\$ (82,347)
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided by (Used in) Operating Activities	
Depreciation and Amortization	1,321
Loss on Disposal of Property and Equipment	26,231
<u>(Increase) Decrease in Assets</u>	
Prepaid Expenses and Deposits	22,062
<u>Increase (Decrease) in Liabilities</u>	
Accounts Payable	(9,386)
Deferred Revenues	193,625
Net Cash Provided by (Used in) Operating Activities	<u>151,506</u>
Increase (Decrease) in Cash	151,506
Cash, Beginning of Year	<u>942,487</u>
<b>Cash, End of Year</b>	<b><u>\$ 1,093,993</u></b>

*See Accompanying Notes to Financial Statements*

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# Electronic Registration Information Center

## Notes to Financial Statements June 30, 2021

### 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.

The coronavirus (COVID-19) outbreak in the United States commenced prior to ERIC's fiscal year-end and has directly impacted its operations since early spring 2020. The COVID-19 pandemic caused a broad and negative impact on commerce and financial markets around the world including travel restrictions and limits on in-person gatherings.

Accordingly, the extent to which COVID-19 may impact ERIC's financial position and changes in net assets and cash flows is uncertain and the accompanying financial statements include no adjustments relating to the effects of this pandemic.

### 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 statements of activities. There were no net assets with donor restrictions as of June 30, 2021.

#### 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.



## **Electronic Registration Information Center**

### **Notes to Financial Statements June 30, 2021**

#### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

##### **Property and Equipment**

Property and equipment are capitalized at cost if unit costs exceed \$500. 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.

##### **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.

##### **Functional Expenses**

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present 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, 2021.

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 2021. 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.

## Electronic Registration Information Center

### Notes to Financial Statements June 30, 2021

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### Recently Issued Accounting Pronouncement

In February 2016, the FASB issued ASU 2016-02, *Leases*. The update requires a lessee to recognize a right-of-use asset and lease liability, initially measured at the present value of the lease payments, in its statements of financial position. The guidance also expands the required quantitative and qualitative lease disclosures. The guidance is effective beginning in 2023.

##### Subsequent Events

Management has evaluated subsequent events through December 3, 2021 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, 2021, ERIC's balances exceeded the FDIC insured limit by approximately \$600,000.

#### 4. PROPERTY AND EQUIPMENT

Property and equipment as of June 30, 2021 was as follows:

Computer Equipment	\$ 10,283
Software	518,822
Website	17,718
Less Accumulated Depreciation and Amortization	<u>(527,486)</u>
Property and Equipment - Net	<u>\$ 19,337</u>

Depreciation and amortization expense for the year ended June 30, 2021 was \$1,321.

#### 5. NET ASSETS

There were no net assets with donor restrictions as of June 30, 2021.

Net assets without donor restrictions as of June 30, 2021 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 \$19,726 to the 401(k) plan during 2021.

**Electronic Registration Information Center**

**Notes to Financial Statements  
June 30, 2021**

**7. AVAILABILITY AND LIQUIDITY**

The following represents ERIC's financial assets at June 30, 2021:

Financial Assets at Year End:

Cash	<u>\$ 1,093,993</u>
Total Financial Assets	1,093,993

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	<u>-</u>
	<u>-</u>

Financial Assets Available to Meet General Expenditures  
Over the Next Twelve Months

\$ 1,093,993

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