

**Democracy Fund, Inc.**  
**Financial Statements**  
**December 31, 2021 and 2020**



## **Report of Independent Auditors**

To the Board of Directors of Democracy Fund, Inc.

### ***Opinion***

We have audited the accompanying financial statements of Democracy Fund, Inc. (the “Company”), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities and of cash flows for the years then ended, including the related notes (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations 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 (US 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 the Company 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 the Company’s ability to continue as a going concern for one year after the date 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 US 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 US 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 the Company'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 the Company'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.

*PricewaterhouseCoopers LLP*

September 1, 2022

**Democracy Fund, Inc.**  
**Statements of Financial Position**  
**December 31, 2021 and 2020**

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|                                       | <b>2021</b>          | <b>2020</b>          |
|---------------------------------------|----------------------|----------------------|
| <b>Assets</b>                         |                      |                      |
| Cash and cash equivalents             | \$ 83,300,612        | \$ 81,566,982        |
| Prepaid expenses and other assets     | 263,938              | 183,429              |
| Due from related party                | 945,833              | 626,291              |
| Fixed assets, net                     | 926,935              | 1,115,907            |
| Operating lease right-of-use asset    | 8,198,950            | -                    |
| Total assets                          | <u>\$ 93,636,268</u> | <u>\$ 83,492,609</u> |
| <b>Liabilities and Net Assets</b>     |                      |                      |
| Accounts payable and accrued expenses | \$ 3,058,208         | \$ 2,741,632         |
| Grants payable                        | 8,994,000            | 7,443,613            |
| Federal excise tax payable            | 807,691              | 772,722              |
| Long-term operating lease liability   | 8,090,268            | -                    |
| Total liabilities                     | <u>20,950,167</u>    | <u>10,957,967</u>    |
| Net assets without donor restrictions | 12,949,955           | 7,911,959            |
| Net assets with donor restrictions    | 59,736,146           | 64,622,683           |
| Total net assets                      | <u>72,686,101</u>    | <u>72,534,642</u>    |
| Total liabilities and net assets      | <u>\$ 93,636,268</u> | <u>\$ 83,492,609</u> |

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

**Democracy Fund, Inc.**  
**Statements of Activities**  
**Years Ended December 31, 2021 and 2020**

|  | <b>2021</b>              | <b>2020</b>              |
|--|--------------------------|--------------------------|
| <b>Revenues and support without donor restrictions</b>           |                          |                          |
| Contributed nonfinancial assets                                  | \$ 577,400               | \$ 663,900               |
| Interest and dividends   | 10,811                   | 324,061                  |
| Net realized gain on investments                                 | 335                      | 846,439                  |
| Net assets released from restrictions                            | <u>64,622,683</u>        | <u>62,418,434</u>        |
| <br>Total revenues and support without donor restrictions        | <br><u>65,211,229</u>    | <br><u>64,252,834</u>    |
| <b>Expenses</b>  |                          |                          |
| Grants   | 41,605,997               | 51,779,106               |
| Other program expenses   | 11,840,039               | 13,905,814               |
| Administrative and managerial                                    | 5,901,609                | 6,222,274                |
| Federal excise tax expense                                       | <u>825,588</u>           | <u>907,238</u>           |
| <br>Total expenses and losses                                    | <br><u>60,173,233</u>    | <br><u>72,814,432</u>    |
| <br>Increase (Decrease) in net assets without donor restrictions | <br>5,037,996            | <br>(8,561,598)          |
| <b>Changes in net assets with donor restrictions</b>             |                          |                          |
| Contributions of marketable securities                           | 59,287,200               | 63,357,500               |
| Net realized gain on investments                                 | 448,946                  | 1,265,183                |
| Net assets released from restrictions                            | <u>(64,622,683)</u>      | <u>(62,418,434)</u>      |
| <br>(Decrease) Increase in net assets with donor restrictions    | <br><u>(4,886,537)</u>   | <br><u>2,204,249</u>     |
| <br>Increase (Decrease) in total net assets                      | <br>151,459              | <br>(6,357,349)          |
| <br>Total net assets at beginning of year                        | <br><u>72,534,642</u>    | <br><u>78,891,991</u>    |
| <br>Total net assets at end of year                              | <br><u>\$ 72,686,101</u> | <br><u>\$ 72,534,642</u> |

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

**Democracy Fund, Inc.**  
**Statements of Cash Flows**  
**Years Ended December 31, 2021 and 2020**

|   | <b>2021</b>          | <b>2020</b>          |
|---|----------------------|----------------------|
| <b>Cash flows from operating activities</b>   |                      |                      |
| Cash received from sale of contributed marketable securities  | \$ 59,736,481        | \$ 81,357,522        |
| Interest and dividends received   | 10,811               | 324,061              |
| Grants paid   | (40,055,610)         | (49,035,683)         |
| Cash paid to employees and suppliers  | (17,138,574)         | (19,971,378)         |
| Cash paid for taxes   | <u>(790,619)</u>     | <u>(793,154)</u>     |
| Net cash provided by operating activities   | <u>1,762,489</u>     | <u>11,881,368</u>    |
| <b>Cash flows from investing activities</b>   |                      |                      |
| Addition of fixed assets  | <u>(28,859)</u>      | <u>(24,021)</u>      |
| Net cash used in investing activities   | <u>(28,859)</u>      | <u>(24,021)</u>      |
| Net increase in cash and cash equivalents   | <u>1,733,630</u>     | <u>11,857,347</u>    |
| <b>Cash and cash equivalents</b>  |                      |                      |
| Cash and cash equivalents at beginning of year  | <u>81,566,982</u>    | <u>69,709,635</u>    |
| Cash and cash equivalents at end of year  | <u>\$ 83,300,612</u> | <u>\$ 81,566,982</u> |
| <br><b>Reconciliation of change in net assets to net cash provided by (used in) operating activities:</b>     |                      |                      |
| Change in net assets  | \$ 151,459           | \$ (6,357,349)       |
| <b>Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:</b> |                      |                      |
| Contributions of marketable securities  | (59,287,200)         | (63,357,500)         |
| Net realized gain on investments  | (449,281)            | (2,111,622)          |
| Proceeds from sale of investments   | 59,736,481           | 81,357,522           |
| Depreciation and amortization   | 217,831              | 220,765              |
| <br><b>Changes in operating assets and liabilities</b>  |                      |                      |
| Increase in prepaid expenses and other assets   | (80,509)             | (76,763)             |
| Increase in due from related party  | (319,542)            | (295,228)            |
| Increase (decrease) in accounts payable and accrued expenses  | 207,894              | (355,964)            |
| Increase in grants payable  | 1,550,387            | 2,743,423            |
| Increase in federal excise tax payable  | 34,969               | 114,084              |
| Net cash provided by (used in) operating activities   | <u>\$ 1,762,489</u>  | <u>\$ 11,881,368</u> |
| <br><b>Supplemental schedule of noncash activities</b>  |                      |                      |
| Contributions of marketable securities  | \$ 59,287,200        | \$ 63,357,500        |
| Contributed nonfinancial assets   | \$ 577,400           | \$ 663,900           |

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

# Democracy Fund, Inc.

## Notes to Financial Statements

### December 31, 2021 and December 31, 2020

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#### 1. Organization

Democracy Fund, Inc. ("DF") is a charitable, nonstock corporation formed on February 11, 2014 in the state of Delaware. DF is organized and operated exclusively for exempt purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code ("Code"). DF has received a determination letter from the Internal Revenue Service stating it is exempt under 501(c)(3) of the Code and specifically that it is classified as a Section 509(a) Private Foundation. DF was formed in order to support charitable and educational activities in service of creating a stronger democracy. DF invests in organizations working to ensure that our political system is responsive to the public and able to meet the greatest challenges facing our nation.

#### 2. COVID-19

In March 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide.

We cannot reasonably estimate the length or severity of this pandemic, or the extent to which the disruption may materially impact DF's statement of financial position, results of operations, and cash flows.

#### 3. Basis of Presentation and Significant Accounting Policies

##### Basis of Presentation

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP") applicable to non-profit organizations.

Revenues are reported as increases in net assets without donor restrictions unless there are donor-imposed purposes and/or time restrictions on the gifted assets. Expenses are reported as decreases in net assets without donor restrictions. Gains or losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law.

##### Uses of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions. These estimates and assumptions 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.

##### Net Assets without Donor Restrictions

Net assets without donor restrictions represent resources which do not have donor-imposed stipulations and are available to support DF's operations.

##### Net Assets with Donor Restrictions

Net assets with donor restrictions represent resources that are limited in use by DF in accordance with donor-imposed stipulations. These stipulations may expire with time or may be satisfied and removed by the actions of DF according to the terms of the gift. As of December 31, 2021 and 2020, DF's net assets with donor restrictions consist entirely of gifts from a related party restricted to the subsequent year's operations. Net assets with donor restrictions of \$64,622,683 and \$62,418,434 were released from restriction due to the expiration of time restrictions during the years ended December 31, 2021 and 2020, respectively.

**Democracy Fund, Inc.**  
**Notes to Financial Statements**  
**December 31, 2021 and December 31, 2020**

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**Cash and Cash Equivalents**

Cash and cash equivalents consist of short-term, highly liquid investments purchased with a remaining maturity of three months or less. At times, cash balances may exceed federally insured limits.

**Marketable Securities**

Marketable securities with readily determinable fair values are reported at their fair values in the statements of financial position. Realized gains and losses on sales of marketable securities are determined on the trade date.

**Fixed Assets**

Fixed assets are recorded at cost at the date of purchase. Depreciation and amortization is recorded on assets in service using the straight-line method over the estimated useful lives of the assets, as follows:

|                        |  |
|------------------------|--|
| Equipment              | 5 years  |
| Furniture and fixtures | 7 years  |
| Website and software   | 3 years  |
| Leasehold improvements | Shorter of the lease term or estimated useful life |

**Leases**

Beginning January 1, 2021, leases are recognized using the modified retrospective transition method as a result of the adoption of ASC 842 (Leases) as discussed in the Recent Accounting Pronouncements section of Note 3. Leases are categorized as either operating or finance leases. Operating leases are included in operating lease right-of-use assets, accounts payable and accrued expenses, and long-term operating lease liabilities in the statement of financial position. No financed leases existed in 2021 and 2020, respectively.

Leased assets represent DF's right to use an underlying asset for the lease term, and lease liabilities represent our obligation to make lease payments arising from the lease. Operating lease right-of-use assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. DF uses a secured incremental borrowing rate as the discount rate for present value of lease payments when the rate implicit in the contract is not readily determinable.

**Investment Income**

Dividend income is recognized on the ex-dividend date. Interest income is recognized on the accrual basis.

**Contributions**

Contributions are recognized as revenue at fair value in the period irrevocably pledged or received. Contributions of stock are valued at the average of the high and low price on the date transferred.

DF has been funded through contributions received from The Pierre M. Omidyar Trust (the "Trust"), a related party.

**Contributed Nonfinancial Assets**

Contributed nonfinancial assets are valued at actual costs incurred by the donor. These contributions were \$577,400 and \$663,900 had no donor-imposed restrictions at December 31, 2021 and 2020, respectively.

**Democracy Fund, Inc.**  
**Notes to Financial Statements**  
**December 31, 2021 and December 31, 2020**

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**Grants**

Grants expense consists of unconditional grants. Unconditional grants are expensed as of the date that the grant agreement or amendment is countersigned. Certain grants may be subject to the grantee fulfilling specific conditions. Such conditional grants are considered commitments and are not recorded as expense until the conditions of the grant are met.

**Tax-Exempt Status**

DF, as a qualified private foundation, is exempt from federal income taxes under Section 501(c)(3) of the Code, and contributions to it may be deductible by donors for federal and state income tax purposes.

**Recent Accounting Pronouncements**

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) 2016-02 - Leases (ASC 842), which requires lessees to recognize operating and financing lease liabilities and corresponding right-of use assets on the statement of financial position. The new guidance is effective for fiscal years beginning after December 31, 2021. DF has decided to early adopt this guidance.

In September 2020, the FASB issued ASU 2020-07, Not-for-Profit Entities (Topic 958): Presentation and Disclosures for Contributed Nonfinancial Assets, which intended to increase transparency of contributed nonfinancial assets to include separate presentation in the statement of activities and disclosures as to use, donor-imposed restrictions and valuation. The amendments in this Update should be applied on a retrospective basis and are effective for annual periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. Early adoption is permitted. DF has decided to early adopt this guidance. As of December 31, 2021 and 2020, DF received contributed professional services for financial manager fees and other professional services from a related party.

**4. Fair value of Investments**

In accordance with the authoritative guidance on fair value measurements and disclosures under US GAAP, DF discloses the fair value of its investments in a hierarchy that prioritizes the inputs to valuation techniques used to measure the fair value. The hierarchy gives the highest priority to valuations based upon unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to valuations based upon unobservable inputs that are significant to the valuation (level 3 measurements). The guidance establishes three levels of the fair value hierarchy as follows:

Level 1: Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that DF has the ability to access at the measurement date.

Level 2: Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3: Inputs that are unobservable.

A financial instrument's level within the fair value hierarchy is based upon the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes "observable" requires significant judgment by management. Management considers observable data to be market data which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. As of December 31, 2021 and 2020 all cash and cash equivalents were classified as level 1 within the valuation hierarchy. DF had no level 2 and 3 investments at December 31, 2021 and 2020.

**Democracy Fund, Inc.**  
**Notes to Financial Statements**  
**December 31, 2021 and December 31, 2020**

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**5. Fixed Assets and Leases**

Fixed assets at December 31, 2021 and 2020 consisted of the following:

|   | <b>2021</b>       | <b>2020</b>         |
|---|-------------------|---------------------|
| Equipment                                       | \$ 255,173        | \$ 255,173          |
| Furniture and fixtures                          | 595,740           | 566,881             |
| Website and software                            | 192,850           | 192,850             |
| Leasehold improvements                          | 771,393           | 771,393             |
|   | <u>1,815,156</u>  | <u>1,786,297</u>    |
| Less: Accumulated depreciation and amortization | <u>(888,221)</u>  | <u>(670,390)</u>    |
| Fixed assets, net                               | <u>\$ 926,935</u> | <u>\$ 1,115,907</u> |

Depreciation and amortization expense of fixed assets during the years ended December 31, 2021 and 2020, was \$217,831 and \$220,765, respectively.

DF leases its main headquarters under a non-cancelable lease. In March 2018, DF expanded its headquarters and modified its existing lease. The term of the lease expires in 2029. Real estate taxes, insurance, maintenance, and operating expenses applicable to the leased property are generally DF's obligations under the lease. The lease does not contain any material residual value guarantees or material restrictive covenants. The weighted average remaining lease term is eight years. The weight average discount rate is 3.5%.

As of January 1, 2021, DF recognized a lease obligation and corresponding right-of-use asset based on the present value of the remaining fixed lease payments using an estimated incremental borrowing rate. As a result of adopting Topic 842, DF recognized net operating lease right-of-use assets of \$9.1million and operating lease liabilities of \$9.9 million on the effective date. Existing accrued rent was recorded as an offset to our gross operating lease right-of-use assets. The standard did not have a material impact on our results of operations or cash flows.

The statement of financial position related to the operating leases is shown as follows:

| <b><u>Statement of Financial Position</u></b> |                                       | <b>December 31, 2021</b> |
|---|---------------------------------------|--------------------------|
| <b>Assets:</b>                                |                                       |                          |
| Operating lease assets                        | Operating lease right-of-use asset    | <u>\$ 8,198,950</u>      |
| <b>Liabilities:</b>                           |                                       |                          |
| <b>Current:</b>                               |                                       |                          |
| Operating lease liabilities                   | Accounts payable and accrued expenses | \$ 945,024               |
| <b>Long-term:</b>                             |                                       |                          |
| Operating lease liabilities                   | Long-term operating lease             | <u>8,090,268</u>         |
| Total lease liabilities                       |                                       | <u>\$ 9,035,292</u>      |

**Democracy Fund, Inc.**  
**Notes to Financial Statements**  
**December 31, 2021 and December 31, 2020**

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**5. Fixed Assets and Leases continued**

The components of lease cost follow:

|                      |                               | <u>Statement of Activities</u> |                  |
|----------------------|-------------------------------|--------------------------------|------------------|
|                      |                               | Year Ended December 31, 2021   |                  |
| Operating lease cost | Other program expenses        | \$                             | 851,535          |
| Operating lease cost | Administrative and managerial |                                | 433,738          |
| Net lease cost       |                               | <u>\$</u>                      | <u>1,285,273</u> |

The approximate future minimum lease payments under the operating lease at December 31, 2021 are as follows:

| Years Ended                      | Operating<br>Leases |
|----------------------------------|---------------------|
| 2022                             | \$ 1,242,714        |
| 2023                             | 1,276,893           |
| 2024                             | 1,311,975           |
| 2025                             | 1,348,057           |
| 2026                             | 1,385,139           |
| Thereafter                       | <u>3,728,962</u>    |
| Total minimum lease payments     | 10,293,740          |
| Less interest                    | <u>(1,258,448)</u>  |
| Present value of lease liability | <u>\$ 9,035,292</u> |

**6. Federal Excise Tax**

On December 20, 2019, the Further Consolidated Appropriations Act of 2020 (the "Act") was signed into law simplifying the federal excise tax on private foundations. The Act eliminated the two-tiered system of excise tax on net investment income and replaced it with a flat excise tax rate of 1.39%. This flat rate is effective January 1, 2020 for DF.

The expense for federal excise tax is as follows:

|   | 2021              | 2020              |
|---|-------------------|-------------------|
| Current federal excise tax expense            | \$ 825,588        | \$ 1,128,087      |
| Deferred federal excise tax (benefit) expense | -                 | (220,849)         |
| Excise tax expense                            | <u>\$ 825,588</u> | <u>\$ 907,238</u> |

DF recognizes a tax benefit from an uncertain position only if it is more likely than not that the position is sustainable, based solely on its technical merits and consideration of the relevant taxing authority's widely understood administrative practices and precedents. If this threshold is met, DF measures the tax benefit as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. DF may recognize interest and, if applicable, penalties for any uncertain tax positions. No interest or penalties were accrued or recorded during the years ended December 31, 2021 and 2020. DF does not anticipate any significant increase or decrease to unrecognized tax benefits during the next twelve months.

**Democracy Fund, Inc.**  
**Notes to Financial Statements**  
**December 31, 2021 and December 31, 2020**

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**7. Related Party Transactions**

DF has a cost sharing agreement with a related party, Democracy Fund Voice (DFV). The agreement allows for DF to provide staff time, contractors, office space and equipment to DFV. During the years ended December 31, 2021 and 2020, DF billed DFV for such costs totaling \$1,617,707 and \$934,982, respectively. As of December 31, 2021 and 2020, DF had \$945,833 and \$626,291 of receivables due from DFV, respectively.

In addition, during the years ended December 31, 2021 and 2020, financial manager fees and other professional services of \$577,400 and \$663,900, respectively, were contributed by affiliates on behalf of DF. They were accounted for under "Contributed nonfinancial assets" in the statements of activities. In addition, during the years ended December 31, 2021 and 2020, all contributions of cash and marketable securities of \$59,287,200 and \$63,357,500, respectively, were contributed by affiliates for the benefit of DF.

**8. Grants**

As of December 31, 2021 and 2020, grant expense was as follows:

|  | <b>2021</b>          | <b>2020</b>          |
|--|----------------------|----------------------|
| Grant payments   | \$ 40,055,610        | \$ 49,035,683        |
| Less: payments for unconditional grants committed in the prior year        | (7,443,613)          | (4,700,190)          |
| Unconditional grants committed in the current year but paid in future year | <u>8,994,000</u>     | <u>7,443,613</u>     |
| Grant expense  | <u>\$ 41,605,997</u> | <u>\$ 51,779,106</u> |

As of December 31, 2021 and 2020, DF had total unfunded commitments of \$0, respectively, related to conditional grants.

As of December 31, 2021 and 2020, DF had \$8,994,000 and \$7,443,613 of payables related to unconditional grants to be paid in 2021 and 2020, respectively.

**Democracy Fund, Inc.**  
**Notes to Financial Statements**  
**December 31, 2021 and December 31, 2020**

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**9. Analysis of Expenses**

DF's expenses have been allocated among grants, other program expenses and administrative and managerial activities, based on the function that benefited from the incurred expenses and estimates made by management.

The total functional expenses displayed by natural expense classification, for the years ended December 31, 2021 and 2020 were as follows:

| <b>2021</b>                         |                      |                                       |  |                      |
|-------------------------------------|----------------------|---------------------------------------|--|----------------------|
|                                     | <b>Grants</b>        | <b>Other<br/>Program<br/>Expenses</b> | <b>Administrative<br/>and<br/>Managerial</b> | <b>Total</b>         |
| Grants awarded                      | \$ 41,605,997        | \$ -                                  | \$ -   | \$ 41,605,997        |
| Salary, benefits, and payroll taxes | -                    | 6,626,847                             | 3,610,222                                    | 10,237,069           |
| Professional fees                   | -                    | 3,624,271                             | 1,502,791                                    | 5,127,062            |
| Occupancy                           | -                    | 1,436,027                             | 756,856                                      | 2,192,883            |
| Travel, conferences and meetings    | -                    | 152,894                               | 31,740                                       | 184,634              |
| Taxes                               | -                    | -                                     | 825,588                                      | 825,588              |
|                                     | <u>\$ 41,605,997</u> | <u>\$ 11,840,039</u>                  | <u>\$ 6,727,197</u>                          | <u>\$ 60,173,233</u> |

| <b>2020</b>                         |                      |                                       |  |                      |
|-------------------------------------|----------------------|---------------------------------------|--|----------------------|
|                                     | <b>Grants</b>        | <b>Other<br/>Program<br/>Expenses</b> | <b>Administrative<br/>and<br/>Managerial</b> | <b>Total</b>         |
| Grants awarded                      | \$ 51,779,106        | \$ -                                  | \$ -   | \$ 51,779,106        |
| Salary, benefits, and payroll taxes | -                    | 6,437,508                             | 3,460,687                                    | 9,898,195            |
| Professional fees                   | -                    | 5,684,077                             | 1,939,135                                    | 7,623,212            |
| Occupancy                           | -                    | 1,520,510                             | 697,310                                      | 2,217,820            |
| Travel, conferences and meetings    | -                    | 263,719                               | 125,142                                      | 388,861              |
| Taxes                               | -                    | -                                     | 907,238                                      | 907,238              |
|                                     | <u>\$ 51,779,106</u> | <u>\$ 13,905,814</u>                  | <u>\$ 7,129,512</u>                          | <u>\$ 72,814,432</u> |

**10. Liquidity**

DF's financial assets available within one year of December 31, 2021 to meet general expenditures is \$83,300,612 in cash and cash equivalents. DF endeavors to structure its financial assets to be available and liquid as its general expenditures, liabilities, and other obligations become due. While DF may realize fluctuations in planned expenditures within one year of December 31, 2021, a deficit whereby expenditures exceed the financial assets available is unlikely.

**11. Subsequent Events**

Management has performed an evaluation of subsequent event through September 1, 2022, which is the date DF's financial statements were available to be issued and has concluded that there were no significant subsequent events relevant for financial statements disclosure.