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# **VIOLENCE POLICY CENTER**

**Financial Statements  
and  
Report of Independent Auditors  
for the year ended December 31, 2020**

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**DESAI COMPANY**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
**INDEPENDENT AUDITOR'S REPORT**

The Board of Directors  
Violence Policy Center

**Opinion**

We have audited the accompanying financial statements of Violence Policy Center (VPC) (a nonprofit organization), which are comprised of the statements of financial position as of December 31, 2020; 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 VPC as of December 31, 2020, 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 audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of VPC, and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**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 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 organization's ability to continue as a going concern for one year after the date that the financial statements are issued.

# INDEPENDENT AUDITOR'S REPORT

## VIOLENCE POLICY CENTER

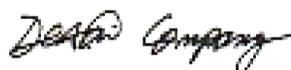
### Auditor's Responsibility

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 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization'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 organization'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.



Bowie, Maryland  
November 7, 2021

# VIOLENCE POLICY CENTER

## STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2020

### ASSETS

#### Current assets

Cash and cash equivalents	\$1,718,831
Prepaid expenses	13,044
Accounts receivable	—
Security deposit	26,364

Total current assets \$1,646,527

#### Non current assets

Furniture and equipment	200,570
less: accumulated depreciation	( 189,773)

Total non current assets 10,797

Total assets \$1,769,036

### LIABILITIES AND NET ASSETS

#### Current liabilities

Accounts payable	\$ 9,503
Loans payable	72,500
Deferred grants	40,000

Total current liabilities 122,003

#### Net assets

Without donor restrictions	1,647,033
With donor restrictions	—

Total net assets 1,647,033

Total liabilities and net assets \$1,769,036

See accountant's notes

# VIOLENCE POLICY CENTER

## STATEMENT OF ACTIVITIES YEAR ENDED DECEMBER 31, 2020

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
<b>Revenue and support</b>			
Contributions and grants	\$905,293	—	\$905,293
Interest	969		969
Net assets released from restrictions	111,335	( 111,335 )	—
<b>Total revenue and support</b>	<b>\$1,017,597</b>	<b>( 111,335 )</b>	<b>\$906,262</b>
<b>Expenses</b>			
Program services	748,564	—	748,564
Supporting services			
Management and general	65,785	—	65,785
Outreach and development	66,539	—	66,539
<b>Total supporting services</b>	<b>132,324</b>	<b>—</b>	<b>132,324</b>
<b>Total expenses</b>	<b>880,888</b>	<b>—</b>	<b>880,888</b>
<b>Change in net assets</b>	<b>136,709</b>	<b>( 111,335 )</b>	<b>25,374</b>
<b>Net assets at beginning of year</b>	<b>1,510,324</b>	<b>111,335</b>	<b>1,621,659</b>
<b>Net assets at end of year</b>	<b>\$1,647,033</b>	<b>\$ —</b>	<b>\$1,647,033</b>

See accountant's notes

**VIOLENCE POLICY CENTER**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2020**

	<b>TOTAL</b>	<b>PROGRAM SERVICES</b>	<b>MANAGEMENT AND GENERAL</b>	<b>OUTREACH &amp; DEVELOPMENT</b>
Salaries	\$456,538	\$398,367	\$22,928	\$35,243
Payroll taxes	36,562	31,913	1,850	2,799
Employee benefits	53,451	46,654	2,705	4,092
Pension plan	37,418	32,660	1,893	2,865
Advertising	840	733	43	64
Bank charges	175	153	9	13
Commissary	1,145	999	58	88
Consultants	76,420	69,420	—	7,000
Depreciation	7,110	6,206	360	544
Dues and subscriptions	3,891	2,183	1,708	—
Equipment rental	110	97	5	8
Legal and professional	25,089	—	25,089	—
License and fees	1,367	1,193	69	105
Occupancy	109,204	95,319	5,526	8,359
Office insurance	5,549	4,843	281	425
Office supplies	8,467	7,391	428	648
Postage	8,422	7,351	426	645
Press release distribution	0	—	—	—
Printing	3,481	3,039	176	266
Research materials	0	—	—	—
Telephone/online services	33,926	29,612	1,717	2,597
Temporary help	1,561	1,561	—	—
Travel	10,162	8,870	514	778
<b>Totals</b>	<b>\$880,888</b>	<b>\$748,564</b>	<b>\$65,785</b>	<b>\$66,539</b>

*See accountant's notes*

# VIOLENCE POLICY CENTER

## STATEMENT OF CASH FLOWS YEAR ENDED DECEMBER 31, 2020

Cash flows from operating activities	
Change in net assets	\$25,374
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:	
Depreciation	7,110
Increase in security deposit	—
Increase in prepaid expenses	( 511)
Increase in deferred grants	—
Increase in accounts payable	6,727
Increase in loan payable	72,500
Total adjustments	<u>85,826</u>
Net cash provided by operating activities	<u>111,200</u>
Cash flows from investing activities	
Purchase of furniture and equipment	<u>—</u>
Net increase in cash flow and cash equivalents	111,200
Cash and cash equivalents, beginning of year	<u>1,607,631</u>
Cash and cash equivalents, end of year	<u>\$1,718,831</u>

See accountant's notes

# VIOLENCE POLICY CENTER

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

### NOTE 1

## GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### General information

Violence Policy Center (VPC), is a tax exempt corporation organized under the laws of the District of Columbia in 1988. VPC works to reduce firearms violence in America by approaching firearms violence as a public health issue while illustrating the need to regulate firearms as inherently dangerous consumer products.

### Summary of significant accounting policies

#### *Basis of accounting*

VPC's financial statements are prepared using the accrual basis of accounting.

#### *Cash and cash equivalents*

Cash on hand, deposits in banks, and highly liquid investments with original maturities of three months or less are considered cash and cash equivalents for purposes of these financial statements.

#### *Property and equipment*

Property and equipment are recorded at cost. Depreciation is recognized over the related assets' estimated useful lives, using the straight-line method. Repairs and maintenance are charged to expense as incurred.

#### *Net assets*

For financial statement purposes, net assets are classified as follows:

**Without donor restrictions:** Represents the portion of net assets whose use is not restricted by donors, even though their use may be limited in other respects, such as by board designation.

**With donor restrictions:** Represents the portion of net assets whose use by VPC has been restricted by donors with specified time or purpose limitations. As of December 31, 2020 there were no net assets with donor restrictions.

# VIOLENCE POLICY CENTER

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

### *Revenue recognition*

Revenue is recognized during the period in which it is earned. Contributions are recognized in accordance with the provisions of Financial Accounting Standards Board Statement No. 116.

### *Expenses*

Expenses are recognized by VPC during the period in which they are incurred. Expenses paid in advance and not yet incurred are deferred to the applicable period.

### *Functional allocation of expenses*

The costs of VPC's various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, supporting general and administrative costs have been allocated among the programs and supporting services benefited.

### *Subsequent events*

Subsequent events have been considered through November 7, 2021.

### *New Accounting Principle*

The Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2016-14, Presentation of Financial Statements of Not-for-Profit Entities (ASU 2016-14). VPC adopted the provisions of ASU 2016-14 during the year ended December 31, 2020. In addition to changes in terminology used to describe categories of net assets throughout the financial statements, new disclosures were added regarding liquidity and the availability of resources and schedule of functional expenses.

### *Liquidity*

VPC cash balances include money market funds and cash in bank. The following provides a summary of financial assets available for general expenditures at December 31, 2020:

Cash and cash equivalents	\$1,718,831
Net assets with donor restrictions	(        —    )
Financial assets available to meet cash needs for general expenditures within one year	<u>\$1,718,831</u>

# VIOLENCE POLICY CENTER

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

### *Pervasiveness of Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

### *Income tax status*

VPC is exempt from federal income taxes on income other than unrelated business income under Section 501(c)(3) of the Internal Revenue Code and the applicable income tax regulations of the District of Columbia. VPC had no unrelated business income during the year ended December 31, 2020.

## NOTE 2

### PENSION PLAN

VPC has a defined benefit retirement plan for its employees. Employee benefits are primarily based on length of service and compensation. Under this plan, VPC makes monthly contributions to an insurance company in an amount equal to 7.5% of the employee's wages. For the year ended December 31, 2020 pension expense was \$37,418.

## NOTE 3

### MAJOR SOURCES OF FUNDING

VPC receives a substantial portion of its revenues from grants from various foundations, as well as the general public.

