

**MARIJUANA POLICY PROJECT
AND
MARIJUANA POLICY PROJECT FOUNDATION
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
DECEMBER 31, 2019 AND 2018**

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Independent Auditor's Report

To the Board of Directors
Marijuana Policy Project and
Marijuana Policy Project Foundation
Washington, DC

We have audited the accompanying consolidated financial statements of Marijuana Policy Project and Marijuana Policy Project Foundation (nonprofit organizations), which comprise the consolidated statements of financial position as of December 31, 2019 and 2018, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's 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 auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated 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 the entity'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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Marijuana Policy Project and Marijuana Policy Project Foundation as of December 31, 2019 and 2018, 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.

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of consolidating schedule of financial position and consolidating schedule of activities are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Emphasis of Matter

As discussed in Note B to the financial statements, in 2019 Marijuana Policy Project, Inc. adopted new accounting guidance, Accounting Standards Update (“ASU”) 2014-09, *Revenue from Contracts with Customers* and ASU 2018-08, *Clarifying the Scope of the Accounting Guidance for Contributions Received and Contributions Made*. Our opinion is not modified with respect to this matter.

Jane Marston & M^oQuade PA

Washington, DC
September 16, 2020

**MARIJUANA POLICY PROJECT AND
MARIJUANA POLICY PROJECT FOUNDATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 AND 2018**

	2019	2018
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 864,603	\$ 38,820
Accounts receivable	26,825	10,000
Pledges receivable, current portion	1,000,000	-
Total Current Assets	1,891,428	48,820
PROPERTY AND EQUIPMENT, NET	744,316	783,236
LONG TERM ASSET		
Pledges receivable, net of current portion and discount of \$30,000	970,000	-
TOTAL ASSETS	\$ 3,605,744	\$ 832,056
<u>LIABILITIES AND NET ASSETS (DEFICIT)</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 26,370	\$ 287,558
Accrued expenses	28,448	88,669
Note payable, current portion	7,812	7,812
Mortgage payable, current portion	10,029	10,029
Total Current Liabilities	72,659	394,068
NON-CURRENT LIABILITIES		
Note payable, net of current portion	362,350	369,721
Mortgage payable, net of current portion	364,750	374,696
Total Non-Current Liabilities	727,100	744,417
NET ASSETS (DEFICIT)		
Without donor restrictions	597,822	(598,881)
With donor restrictions	2,208,163	292,452
Total Net Assets (Deficit)	2,805,985	(306,429)
TOTAL LIABILITIES AND NET ASSETS	\$ 3,605,744	\$ 832,056

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

**MARIJUANA POLICY PROJECT AND
MARIJUANA POLICY PROJECT FOUNDATION
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Individual contributions (non-board)	\$ 1,692,603	\$ 155,307	\$ 1,847,910
Board contributions	1,444,601	1,970,000	3,414,601
Corporate contributions	555,808	-	555,808
Program income	25,000	-	25,000
In kind contributions	7,985	-	7,985
Other income	94,344	-	94,344
Net assets released from restrictions	209,596	(209,596)	-
Total Revenue and Support	4,029,937	1,915,711	5,945,648
EXPENSES			
Program Services	1,246,003	-	1,246,003
Support Services:			
General and administration	972,910	-	972,910
Fundraising	614,321	-	614,321
Total Support Services	1,587,231	-	1,587,231
Total Expenses	2,833,234	-	2,833,234
CHANGE IN NET ASSETS	1,196,703	1,915,711	3,112,414
NET DEFICIT , beginning of year	(598,881)	292,452	(306,429)
NET ASSETS , end of year	\$ 597,822	\$ 2,208,163	\$ 2,805,985

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

MARIJUANA POLICY PROJECT
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Individual contributions (non-board)	\$ 967,800	\$ 108,000	\$ 1,075,800
Board contributions	1,905,685	200,000	2,105,685
Corporate contributions	235,227	103,217	338,444
Program income	1,000	-	1,000
Other income	2,795	-	2,795
Net assets released from restrictions	118,765	(118,765)	-
Total Revenue and Support	3,231,272	292,452	3,523,724
EXPENSES			
Program Services	1,959,542	-	1,959,542
Support Services:			
General and administration	1,097,637	-	1,097,637
Fundraising	520,888	-	520,888
Total Support Services	1,618,525	-	1,618,525
Total Expenses	3,578,067	-	3,578,067
CHANGE IN NET ASSETS	(346,795)	292,452	(54,343)
NET DEFICIT, beginning of year	(252,086)	-	(252,086)
NET (DEFICIT) ASSETS, end of year	\$ (598,881)	\$ 292,452	\$ (306,429)

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

**MARIJUANA POLICY PROJECT AND
MARIJUANA POLICY PROJECT FOUNDATION
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2019**

	Program Services	Support Services		TOTAL	
		General and Administration	Fundraising		Total Support Services
Salaries	\$ 594,511	\$ 481,085	\$ 306,915	\$ 788,000	\$ 1,382,511
Payroll taxes	45,081	36,479	23,273	59,752	104,833
Benefits and insurance	27,867	22,549	14,386	36,935	64,802
Retirement benefits	8,311	6,725	4,291	11,016	19,327
Subtotal Personnel Expense	675,770	546,838	348,865	895,703	1,571,473
Accounting	-	20,453	-	20,453	20,453
Advertising	23,708	267	-	267	23,975
Bank and credit card fees	-	1,882	-	1,882	1,882
Contributions	2,705	-	-	-	2,705
Depreciation and amortization	16,736	13,544	8,640	22,184	38,920
Dues and subscriptions	13,228	12,296	4,888	17,184	30,412
Equipment and maintenance	2,867	2,319	1,480	3,799	6,666
In-kind services	3,434	2,778	1,773	4,551	7,985
Information technology	21,962	70,797	42,393	113,190	135,152
Insurance	22,172	13,794	11,446	25,240	47,412
Interest expense	11,174	(3,441)	5,768	2,327	13,501
Meetings and conference	9,465	7,271	23,290	30,561	40,026
Occupancy	17,090	13,829	8,823	22,652	39,742
Office supplies	1,059	6,346	10,204	16,550	17,609
Professional services	372,376	215,669	69,992	285,661	658,037
Postage	521	1,129	4,332	5,461	5,982
Printing	1,930	7,079	1,805	8,884	10,814
Telephone	3,515	19,614	197	19,811	23,326
Travel	46,291	20,446	70,425	90,871	137,162
Total Expenses	\$ 1,246,003	\$ 972,910	\$ 614,321	\$ 1,587,231	\$ 2,833,234

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

MARIJUANA POLICY PROJECT
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2018

	Program Services	Support Services		TOTAL	
		General and Administration	Fundraising		Total Support Services
Salaries	\$ 543,721	\$ 590,215	\$ 278,169	\$ 868,384	\$ 1,412,105
Payroll taxes	44,640	48,457	22,838	71,295	115,935
Benefits and insurance	45,918	49,843	23,492	73,335	119,253
Retirement benefits	11,224	12,183	5,742	17,925	29,149
Subtotal Personnel Expense	645,503	700,698	330,241	1,030,939	1,676,442
Accounting	-	22,800	-	22,800	22,800
Advertising	945	2,657	25	2,682	3,627
Bank and credit card fees	-	6,043	5,009	11,052	11,052
Contributions	654,705	-	-	-	654,705
Depreciation and amortization	13,015	14,128	6,659	20,787	33,802
Dues and subscriptions	5,660	18,826	7,883	26,709	32,369
Equipment and maintenance	3,058	3,319	1,564	4,883	7,941
Information technology	41,385	44,923	21,173	66,096	107,481
Insurance	20,438	22,186	10,456	32,642	53,080
Interest expense	25,939	28,157	13,270	41,427	67,366
Meetings and conference	9,465	4,703	23,290	27,993	37,458
Occupancy	13,344	14,486	6,827	21,313	34,657
Office supplies and expenses	1,059	24,297	10,204	34,501	35,560
Professional services	497,937	165,697	23,194	188,891	686,828
Postage	326	1,443	6,558	8,001	8,327
Printing	596	3,884	1,026	4,910	5,506
Telephone	2,978	14,573	1,453	16,026	19,004
Travel	23,189	4,817	52,056	56,873	80,062
Total Expenses	\$ 1,959,542	\$ 1,097,637	\$ 520,888	\$ 1,618,525	\$ 3,578,067

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

**MARIJUANA POLICY PROJECT AND
MARIJUANA POLICY PROJECT FOUNDATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 3,112,414	\$ (54,343)
Adjustments to reconcile changes in net assets to net cash used for operating activities:		
Depreciation and amortization	38,920	33,802
Increase in assets:		
Accounts receivable	(16,825)	(10,000)
Pledges receivable	(1,970,000)	-
Decrease in liabilities:		
Accounts payable	(261,188)	(167,188)
Accrued expenses	(60,221)	(14,563)
Net Cash Provided by (Used For) Operating Activities	843,100	(212,292)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments made on note payable	(7,371)	(6,986)
Payments made on mortgage payable	(9,946)	(8,926)
Net Cash Used For Financing Activities	(17,317)	(15,912)
NET CHANGE IN CASH AND CASH EQUIVALENTS	825,783	(228,204)
CASH AND CASH EQUIVALENTS, beginning of year	38,820	267,024
CASH AND CASH EQUIVALENTS, end of year	\$ 864,603	\$ 38,820
SUPPLEMENTAL INFORMATION:		
Interest paid	\$ 18,452	\$ 36,990

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

**MARIJUANA POLICY PROJECT AND
MARIJUANA POLICY PROJECT FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE A – ORGANIZATION AND NATURE OF ACTIVITIES

The Marijuana Policy Project (“MPP”) is a 501(c)(4) non-profit organization formed in the District of Columbia in 1995. The focus and mission of the organization is to end marijuana prohibition by lobbying and deploying resources for federal and state law changes. MPP’s vision statement includes four strategies used to pursue the organizations mission: (1) increase public support for non-punitive, non-coercive marijuana policies; (2) identify and activate supporters of non-punitive, non-coercive marijuana policies; (3) change state laws to reduce or eliminate penalties for the medical and non-medical uses of marijuana; and (4) gain influence in Congress.

The Marijuana Policy Project Foundation (the “Foundation”) is a 501(c)(3) non-profit organization formed in the District of Columbia in 1996 to educate the public about marijuana. The Foundation's mission is to distribute educational information to the public about marijuana. This is achieved by increasing, identifying, and activating supporters of non-punitive, non-coercive marijuana policies.

The Marijuana Policy Project is related to and shares a board with the Marijuana Policy Project Foundation. MPP and the Foundation hereon will be referred to collectively as the “Organization”.

NOTE B – SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

These consolidated financial statements were prepared using the accrual basis of accounting. Revenue and related assets are recognized when earned and expenses and related liabilities are recognized as the obligations are incurred.

Principles of Consolidation

The consolidated financial statements include the accounts and transactions of MPP and the Foundation. All intercompany balances and transactions have been eliminated in these consolidated financial statements. The financial statements have been consolidated due to the presence of common control and economic interest.

Adoption of New Accounting Pronouncement

The Financial Accounting Standards Board (“FASB”) Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*, as amended, supersedes or replaces nearly all GAAP revenue recognition guidance. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expand disclosures about revenue. The Organization has implemented Topic 606 and has adjusted the presentation in these financial statements accordingly.

**MARIJUANA POLICY PROJECT AND
MARIJUANA POLICY PROJECT FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018
(continued)**

NOTE B – SIGNIFICANT ACCOUNTING POLICIES - continued

Adoption of New Accounting Pronouncement (continued)

The amendments have been applied retrospectively to all periods presented, with no effect on net assets.

In June 2018, FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. The Organization has implemented the provisions of ASU 2018-08 applicable to contributions received in the accompanying financial statements under a modified prospective basis. Accordingly, there is no effect on net assets in connection with the implementation of ASU 2018-08.

Financial Statement Presentation

The consolidated financial statement presentation follows FASB Accounting Standards Codification (“ASC”) topic *Not-for-Profit Entities*. In accordance with the topic, net assets, revenue, 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 and reported as follows:

Net Assets without Donor Restrictions – Net assets not subject to donor-imposed restrictions or stipulations.

Net Assets with Donor Restrictions – Net assets subject to donor-imposed stipulations that may or will be met by either actions of the Organization and/or the passage of time, or that must be maintained permanently by the Organization. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the consolidated statement of activities as net assets released from restrictions. Contributions received with donor restrictions that are met in the same reporting period are reported as support without donor restrictions and increase net assets without donor restrictions.

Cash and Cash Equivalents

For financial statement purposes, the Organizations consider demand deposits and money market accounts to be cash and cash equivalents. The organization maintains its cash in bank deposit accounts which are insured by the Federal Deposit Insurance Corporation up to \$250,000 per institution. At times, the accounts may exceed this limit; however, the Organization believes it is not exposed to any significant credit risk on cash.

**MARIJUANA POLICY PROJECT AND
MARIJUANA POLICY PROJECT FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018
(continued)**

NOTE B – SIGNIFICANT ACCOUNTING POLICIES - continued

Pledges Receivable

Pledges receivables are stated at the amount management expect to collect from balances outstanding at year end. Annually, management determines if an allowance for doubtful pledges is necessary based upon a review of outstanding receivables, historical collection of information and existing economic conditions. Pledges deemed uncollectible are charged off based on specific circumstances of the parties involved. As of December 31, 2019, management has determined that all significant pledges receivable are collectible; therefore, an allowance for doubtful accounts has not been established.

Property and Equipment

Property and equipment valued in excess of \$100 and with a useful life of more than one year is capitalized and recorded at cost. Donated property and equipment are recorded at estimated fair value. Building and improvements are capitalized at cost and amortized over the lesser of the remaining life of the asset. Repairs and maintenance are generally expensed. Depreciation is recorded using the straight-line method over the estimated useful lives of the assets as follows:

Furniture and equipment	5 years
Building and improvements	40 years

Revenue Recognition

Marijuana Policy Project recognizes grants and contributions when cash, securities or other assets, an unconditional promise to give, or 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 substantially met. Contributions received with donor stipulations are recorded as contributions with donor restrictions based on the donor's intent. Unless otherwise stated by the donor, individual donations are recorded as contributions without donor restrictions. Contributions with donor restrictions are met in the same reporting period as the contribution is received are reported as contributions without donor restrictions support.

Program income is recognized when earned.

**MARIJUANA POLICY PROJECT AND
MARIJUANA POLICY PROJECT FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018
(continued)**

NOTE B – SIGNIFICANT ACCOUNTING POLICIES - continued

Method Used for Allocation of Expenses for Management and General Activities

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation, office, and occupancy, which are allocated on the basis of salaries and related costs determined by the estimated time worked.

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 certain reported amounts of revenue and expenses during the reporting periods and reported amounts of assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

NOTE C – INCOME TAXES

The Foundation has been recognized as exempt from federal income tax by the Internal Revenue Service under the provisions of Section 501(c)(3) of the Internal Revenue Code and is classified as an organization that is not a private foundation. MPP is a 501(c)(4) organization, exempt from Federal income tax under Section 501(a) of the Internal Revenue Code (“IRC”). The Organizations are, however, subject to tax on business income unrelated to its exempt purpose.

The Organizations believe that they have appropriate support for any tax positions taken, and as such, do not have any uncertain tax positions that are material to the financial statements or that would have an effect on its tax-exempt status. There are no unrecognized tax benefits or liabilities that need to be recorded.

The Organizations information returns are subject to examination by the Internal Revenue Service (“IRS”) for a period of three years from the date they were filed, except under certain circumstances. The Organizations Form 990 returns for the years 2016 through 2018 are open for a tax examination by the IRS, although no request has been made as of the date of these financial statements.

**MARIJUANA POLICY PROJECT AND
MARIJUANA POLICY PROJECT FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018
(continued)**

NOTE D – AVAILABLE RESOURCES AND LIQUIDITY

The Organizations regularly monitors liquidity required to meet its operating needs and other contractual commitments. The Organizations strives to maintain liquid financial assets sufficient to cover twelve months of general expenditures. The Organizations have various sources of liquidity at their disposal including cash and accounts receivable.

As of December 31, 2019, the Organization have cash and cash equivalents in the amount of \$864,603 and pledges receivable in the amount of \$1,996,825. The financials assets total \$2,861,28 and this amount is sufficient to meet cash needs for general expenditures within one year.

	2019	2018
Cash and cash equivalents	\$ 864,603	\$ 38,820
Pledges and accounts recivable, current	1,026,825	10,000
Total Financial Assets	1,891,428	48,820
Less: Net assets with donor restrictions	(1,208,163)	(292,452)
Financial assets available to meet cash needs for general expenditures within one year	\$ 683,265	\$ (243,632)

NOTE E – PLEDGE RECEIVABLE

Marijuana Policy Project has received a multi-year pledge to be received in future years. This pledge has been reduced to its present value in accordance with accounting principles generally accepted in the United States of America. Expected receipts from the pledge are due as follows as of December 31, 2019:

Due in less than one year	\$ 1,000,000
Due in one to five years	1,000,000
Total	2,000,000
Less: Unamortized discount at 3%	(30,000)
Pledges Receivable , Net	\$ 1,970,000

**MARIJUANA POLICY PROJECT AND
MARIJUANA POLICY PROJECT FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018
(continued)**

NOTE F – PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of December 31, 2019:

	2019	2018
Furniture and equipment	\$ 77,928	\$ 77,928
Building and improvements	866,102	866,102
	944,030	944,030
Less: accumulated depreciation	(199,714)	(160,794)
Property and Equipment, Net	\$ 744,316	\$ 783,236

Depreciation expense for the years ended December 31, 2019 and 2018 totaled \$38,920 and \$33,802.

NOTE G – DEBT

On November 20, 2013, the Foundation entered into a loan agreement with Saul Marc Levin (“Levin Note”) for \$409,000. This loan is secured by the proprietary documents for the real property located on 2370 Champlain Street, Unit 12, NW, Washington, DC. Principle and interest of \$2,290 per month are payable until the maturity date of November 20, 2023. The interest rate on this loan is 5.375% per annum. On the maturity date, the entire outstanding principle balance together with all accrued and unpaid interest will be due and payable in full. As of December 31, 2019 and 2018, the balance on this loan was \$370,162 and \$377,533, respectively.

On August 15, 2017, a loan agreement was executed between 2370 Champlain Street Cooperative, Inc., (“Cooperative Mortgage”), and Access National Bank for a total of \$1,535,000. The Foundation has a 23.832% ownership in the 2370 Champlain Street Cooperative, Inc., and therefore the Foundation’s share of the principle loan is \$396,521. This loan is secured by the real property located on 2370 Champlain Street, Unit 12, NW, Washington, DC. Principle and interest of \$2,206 per month are payable until the maturity date of August 15, 2027. The interest rate on this loan is 4.44% per annum. On the maturity date, the entire outstanding principle balance together with all accrued and unpaid interest will be due and payable in full. As of December 31, 2019 and 2018, the balance on this loan was \$374,779 and \$384,725, respectively.

**MARIJUANA POLICY PROJECT AND
MARIJUANA POLICY PROJECT FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018
(continued)**

NOTE G – DEBT - continued

Future principal payments are due as follows for the years ending December 31:

	Cooperative Mortgage	Levin Note	Total Debt
2020	\$ 10,029	\$ 7,812	\$ 17,841
2021	10,483	7,538	18,021
2022	10,958	8,696	19,654
2023	11,455	345,675	357,538
2024	11,974	-	11,974
Thereafter	319,913	-	319,913
Total	<u>\$ 374,812</u>	<u>\$ 369,721</u>	<u>\$ 744,941</u>

Interest expense for the years ended December 31, 2019 and 2018 totaled \$10,847 and 67,085, respectively.

NOTE H – DONOR RESTRICTED NET ASSETS

Donor restricted net assets were as follows as of December 31, 2019:

	MPP	The Foundation	Total
Alaska	\$ -	\$ 58	\$ 58
Georgia	16,915	-	16,915
Idaho	4,067	-	4,067
Illinois	-	40,584	40,584
Minnesota	26,515	-	26,515
Other States	47,471	-	47,471
South Carolina	92,660	-	92,660
Texas	-	9,893	9,893
Time restriction	-	1,970,000	1,970,000
Total Net Assets with Donor Restrictions	<u>\$ 187,628</u>	<u>\$ 2,020,535</u>	<u>\$ 2,208,163</u>

**MARIJUANA POLICY PROJECT AND
MARIJUANA POLICY PROJECT FOUNDATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018
(continued)**

NOTE H – DONOR RESTRICTED NET ASSETS - continued

Donor restricted net assets were as follows as of December 31, 2018:

	MPP	The Foundation	Total
	<u> </u>	<u> </u>	<u> </u>
State Policies	\$ 72,541	\$ -	\$ 72,541
Alaska	-	83	83
Illinois	-	72,328	72,328
South Carolina	147,500	-	147,500
Total Net Assets			
with Donor Restrictions	<u>\$ 220,041</u>	<u>\$ 72,411</u>	<u>\$ 292,452</u>

NOTE I – RETIREMENT PLAN

The Organizations participate in a SIMPLE IRA plan (the “Plan”) held with American Funds. All employees receiving at least \$5,000 in compensation are eligible to participate and to make annual pre-tax contributions to the Plan not to exceed the allowable Internal Revenue Service limits. Employer matching contributions are made for all contributing employees up to 3% of their annual salary. The total expense for the Plan for the year ended December 31, 2019 and 2018 totaled \$19,327 and \$29,149, respectively.

MPP participates in a 457(b) plan held with Lincoln Financial Group. The prior Executive Director was the only employee able to contribute to the plan. Employer match contributions were made for up to 3% of his annual salary. There were no contributions paid into the plan for the years ended December 31, 2019 and 2018.

NOTE J – SUBSEQUENT EVENTS

The Organization management has evaluated subsequent events for potential required disclosures through September 16, 2020, which is the date the consolidated financial statements are available to be issued. There were no additional events or transactions that were discovered during the evaluation that required further recognition or disclosure.

SUPPLEMENTAL SCHEDULE

**MARIJUANA POLICY PROJECT AND
MARIJUANA POLICY PROJECT FOUNDATION
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
DECEMBER 31, 2019**

	<u>MPP</u>	<u>The Foundation</u>	<u>Elimination</u>	<u>Total</u>
<u>ASSETS</u>				
CURRENT ASSETS				
Cash and cash equivalents	\$ 189,139	\$ 675,464	\$ -	\$ 864,603
Accounts receivable	25,000	1,825	-	26,825
Pledges receivable, current portion	-	1,000,000	-	1,000,000
Due from MPP	44,948	-	(44,948)	-
Total Current Assets	<u>259,087</u>	<u>1,677,289</u>	<u>(44,948)</u>	<u>1,891,428</u>
PROPERTY AND EQUIPMENT, NET	8,525	735,791	-	744,316
LONG TERM ASSET				
Pledges receivable, net of current portion and discount of	<u>-</u>	<u>970,000</u>	<u>-</u>	<u>970,000</u>
TOTAL ASSETS	<u>\$ 267,612</u>	<u>\$ 3,383,080</u>	<u>\$ (44,948)</u>	<u>\$ 3,605,744</u>
<u>LIABILITIES AND NET ASSETS (DEFICIT)</u>				
CURRENT LIABILITIES				
Accounts payable	\$ 8,185	\$ 18,185	\$ -	\$ 26,370
Accrued expenses	17,918	10,530	-	28,448
Note payable, current portion	-	7,812	-	7,812
Mortgage payable, current portion	-	10,029	-	10,029
Due to MPP	-	44,948	(44,948)	-
Total Current Liabilities	<u>26,103</u>	<u>91,504</u>	<u>(44,948)</u>	<u>72,659</u>
NON-CURRENT LIABILITIES				
Note payable, net of current portion	-	362,350	-	362,350
Mortgage payable, net of current portion	-	364,750	-	364,750
Total Non-Current Liabilities	<u>-</u>	<u>727,100</u>	<u>-</u>	<u>727,100</u>
NET ASSETS (DEFICIT)				
Without donor restrictions	53,880	543,941	-	597,821
With donor restrictions	187,629	2,020,535	-	2,208,164
Total Net Deficit	<u>241,509</u>	<u>2,564,476</u>	<u>-</u>	<u>2,805,985</u>
TOTAL LIABILITIES AND NET ASSETS (DEFICIT)	<u>\$ 267,612</u>	<u>\$ 3,383,080</u>	<u>\$ (44,948)</u>	<u>\$ 3,605,744</u>

**MARIJUANA POLICY PROJECT AND
MARIJUANA POLICY PROJECT FOUNDATION
CONSOLIDATING SCHEDULE OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019**

	<u>MPP</u>	<u>The Foundation</u>	<u>Consolidated</u>
REVENUE AND SUPPORT			
Individual contributions (non-board)	\$ 546,940	\$ 1,300,970	\$ 1,847,910
Board contributions	865,851	2,548,750	3,414,601
Corporate contributions	398,436	157,372	555,808
Program income	-	25,000	25,000
In kind	7,985	-	7,985
Other income	61,268	33,076	94,344
Total Revenue and Support	<u>1,880,480</u>	<u>4,065,168</u>	<u>5,945,648</u>
EXPENSES			
Program Services	797,442	448,561	1,246,003
Supporting Services:			
General and administration	472,107	500,803	972,910
Fundraising	288,731	325,590	614,321
Total Supporting Services	<u>760,838</u>	<u>826,393</u>	<u>1,587,231</u>
Total Expenses	<u>1,558,280</u>	<u>1,274,954</u>	<u>2,833,234</u>
CHANGE IN NET ASSETS	322,200	2,790,214	3,112,414
NET DEFICIT, beginning of year	<u>(80,691)</u>	<u>(225,738)</u>	<u>(306,429)</u>
NET ASSETS, end of year	<u>\$ 241,509</u>	<u>\$ 2,564,476</u>	<u>\$ 2,805,985</u>