

**MARIJUANA POLICY PROJECT
AND
MARIJUANA POLICY PROJECT FOUNDATION**

**COMBINED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

DECEMBER 31, 2020 AND 2019

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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 combined financial statements of Marijuana Policy Project and Marijuana Policy Project Foundation (nonprofit organizations), which comprise the combined statements of financial position as of December 31, 2020 and 2019, and the related combined statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of these combined 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 combined 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 combined 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 combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined 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 combined 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, 2020 and 2019, 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 combined financial statements as a whole. The combining information in the accompanying schedules on pages 18 – 19 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined 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 combined financial statements taken as a whole.

Jane Harrison & McQuade PA

Washington, DC
August 30, 2021

**MARIJUANA POLICY PROJECT AND
MARIJUANA POLICY PROJECT FOUNDATION
COMBINED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019**

	2020	2019
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 610,884	\$ 864,603
Accounts receivable	-	26,825
Pledges receivable, current portion	1,000,000	1,000,000
Total Current Assets	1,610,884	1,891,428
PROPERTY AND EQUIPMENT, NET	713,386	744,316
LONG TERM ASSET		
Pledges receivable, net of current portion and discount	-	970,000
TOTAL ASSETS	\$ 2,324,270	\$ 3,605,744
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 13,606	\$ 26,370
Accrued expenses	8,598	28,448
Note payable, current portion	-	7,812
Mortgage payable, current portion	10,483	10,029
Total Current Liabilities	32,687	72,659
NON-CURRENT LIABILITIES		
Note payable, net of current portion	-	362,350
Mortgage payable, net of current portion	355,187	364,750
PPP loan	124,485	-
Total Non-Current Liabilities	479,672	727,100
NET ASSETS		
Without donor restrictions	510,187	597,822
With donor restrictions	1,301,724	2,208,163
Total Net Assets	1,811,911	2,805,985
TOTAL LIABILITIES AND NET ASSETS	\$ 2,324,270	\$ 3,605,744

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

**MARIJUANA POLICY PROJECT AND
MARIJUANA POLICY PROJECT FOUNDATION
COMBINED STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Individual contributions (non-board)	\$ 528,255	\$ 200,850	\$ 729,105
Board contributions	740,283	-	740,283
Corporate contributions	471,500	-	471,500
Rental income	13,715	-	13,715
Interest income	1,815	-	1,815
Other income	5,023	-	5,023
Net assets released from restrictions	1,107,289	(1,107,289)	-
Total Revenue and Support	2,867,880	(906,439)	1,961,441
EXPENSES			
Program Services	1,679,298	-	1,679,298
Support Services:			
General and administration	715,094	-	715,094
Fundraising	561,123	-	561,123
Total Support Services	1,276,217	-	1,276,217
Total Expenses	2,955,515	-	2,955,515
CHANGE IN NET ASSETS	(87,635)	(906,439)	(994,074)
NET ASSETS, beginning of year	597,822	2,208,163	2,805,985
NET ASSETS, end of year	\$ 510,187	\$ 1,301,724	\$ 1,811,911

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

**MARIJUANA POLICY PROJECT AND
MARIJUANA POLICY PROJECT FOUNDATION
COMBINED 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
Interest income	1,472	-	1,472
Other income	92,872	-	92,872
Net assets released from restrictions	209,596	(209,596)	-
Total Revenue and Support	<u>4,029,937</u>	<u>1,915,711</u>	<u>5,945,648</u>
EXPENSES			
Program Services	1,241,166	-	1,241,166
Support Services:			
General and administration	980,625	-	980,625
Fundraising	611,443	-	611,443
Total Support Services	<u>1,592,068</u>	<u>-</u>	<u>1,592,068</u>
Total Expenses	<u>2,833,234</u>	<u>-</u>	<u>2,833,234</u>
CHANGE IN NET ASSETS	1,196,703	1,915,711	3,112,414
NET (DEFICIT) ASSETS, beginning of year	<u>(598,881)</u>	<u>292,452</u>	<u>(306,429)</u>
NET ASSETS, end of year	<u>\$ 597,822</u>	<u>\$ 2,208,163</u>	<u>\$ 2,805,985</u>

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

**MARIJUANA POLICY PROJECT AND
MARIJUANA POLICY PROJECT FOUNDATION
COMBINED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2020**

	Program Services	Support Services		Total Support Services	TOTAL
		General and Administration	Fundraising		
Salaries	\$ 890,180	\$ 312,288	\$ 277,267	\$ 589,555	\$ 1,479,735
Payroll taxes	70,657	26,127	21,303	47,430	118,087
Benefits and insurance	75,035	29,120	17,423	46,543	121,578
Retirement benefits	27,844	16,174	9,744	25,918	53,762
Subtotal Personnel Expense	1,063,716	383,709	325,737	709,446	1,773,162
Accounting	-	51,141	-	51,141	51,141
Advertising	12,265	169	-	169	12,434
Bank and credit card fees	-	2,695	-	2,695	2,695
Contributions	73,500	-	-	-	73,500
Depreciation	16,350	8,164	6,416	14,580	30,930
Dues and subscriptions	5,599	22,891	280	23,171	28,770
Equipment and maintenance	2,573	1,021	798	1,819	4,392
Information technology	15,585	46,560	17,882	64,442	80,027
Insurance	32,062	13,050	10,152	23,202	55,264
Interest expense	16,399	6,839	5,220	12,059	28,458
Meetings and conference	5,711	600	305	905	6,616
Occupancy	16,424	7,024	5,381	12,405	28,829
Office supplies	664	11,070	2,792	13,862	14,526
Professional services	401,201	129,144	176,706	305,850	707,051
Postage	328	980	4,019	4,999	5,327
Printing	1,110	10,877	1,491	12,368	13,478
Telephone	1,537	12,540	-	12,540	14,077
Travel	14,274	6,620	3,944	10,564	24,838
Total Expenses	<u>\$ 1,679,298</u>	<u>\$ 715,094</u>	<u>\$ 561,123</u>	<u>\$ 1,276,217</u>	<u>\$ 2,955,515</u>

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

**MARIJUANA POLICY PROJECT AND
MARIJUANA POLICY PROJECT FOUNDATION
COMBINED 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	<u>675,770</u>	<u>546,838</u>	<u>348,865</u>	<u>895,703</u>	<u>1,571,473</u>
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	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	16,259	12,564	8,129	20,693	36,952
Meetings and conference	9,465	7,271	23,290	30,561	40,026
Occupancy	7,168	5,539	3,584	9,123	16,291
Office supplies and expenses	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	<u>\$ 1,241,166</u>	<u>\$ 980,625</u>	<u>\$ 611,443</u>	<u>\$ 1,592,068</u>	<u>\$ 2,833,234</u>

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

**MARIJUANA POLICY PROJECT AND
MARIJUANA POLICY PROJECT FOUNDATION
COMBINED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (994,074)	\$ 3,112,414
Adjustments to reconcile changes in net assets to net cash used for operating activities:		
Depreciation and amortization	30,930	38,920
Increase in assets:		
Accounts receivable	26,825	(16,825)
Pledges receivable	970,000	(1,970,000)
Decrease in liabilities:		
Accounts payable	(12,764)	(261,188)
Accrued expenses	(19,850)	(60,221)
Net Cash Provided by Operating Activities	1,067	843,100
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments made on note payable	(370,162)	(7,371)
Payments made on mortgage payable	(9,109)	(9,946)
PPP loan proceeds	124,485	-
Net Cash Used for Financing Activities	(254,786)	(17,317)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(253,719)	825,783
CASH AND CASH EQUIVALENTS, beginning of year	864,603	38,820
CASH AND CASH EQUIVALENTS, end of year	\$ 610,884	\$ 864,603
SUPPLEMENTAL INFORMATION:		
Interest paid	\$ 28,458	\$ 36,952

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

**MARIJUANA POLICY PROJECT AND
MARIJUANA POLICY PROJECT FOUNDATION
NOTES TO THE COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

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 MPP 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 its 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 combined 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 Combination

The combined financial statements include the accounts and transactions of MPP and the Foundation. All balances and transactions between MPP and the Foundation have been eliminated in these combined financial statements. The financial statements have been combined because MPP and the Foundation are under common control and management.

Financial Statement Presentation

In accordance with the Financial Accounting Standards Board Accounting Standards Codification Topic 958, *Not-for-Profit Entities*, net assets, revenue, gains and losses are classified based on the existence or absence of donor-imposed restrictions.

**MARIJUANA POLICY PROJECT AND
MARIJUANA POLICY PROJECT FOUNDATION
NOTES TO THE COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019
(continued)**

NOTE B – SIGNIFICANT ACCOUNTING POLICIES – continued

Financial Statement Presentation – continued

Accordingly, 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 in perpetuity 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 combined 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 Organization considers 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.

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, 2020, management has determined that all significant pledges receivable are collectible within one year or less; therefore, an allowance for doubtful accounts has not been established.

Property and Equipment

Property and equipment valued in excess of \$1,000 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.

**MARIJUANA POLICY PROJECT AND
MARIJUANA POLICY PROJECT FOUNDATION
NOTES TO THE COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019
(continued)**

NOTE B – SIGNIFICANT ACCOUNTING POLICIES – continued

Property and Equipment – continued

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

Contributions – The Organization 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 that are met in the same reporting period as the contribution is received are reported as contributions without donor restrictions support.

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, insurance 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.

Reclassifications

The Organization has made certain reclassifications of prior year amounts in order to conform with current year presentation. The reclassifications had no effect on total net assets or total changes in net assets as previously reported.

**MARIJUANA POLICY PROJECT AND
MARIJUANA POLICY PROJECT FOUNDATION
NOTES TO THE COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019
(continued)**

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 Organization is, however, subject to tax on business income unrelated to its exempt purpose.

The Organization believes 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 information returns of MPP and the Foundation 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 Form 990 returns of MPP and the Foundation for the years 2017 through 2019 are open for a tax examination by the IRS, although no request has been made as of the date of these financial statements.

NOTE D – AVAILABLE RESOURCES AND LIQUIDITY

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

As of December 31, 2020 and 2019, total financial assets held by the Organization and the amounts of those financial assets that could be made readily available within one year from the statements of financial position dates to meet general expenditures were as follows:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 610,884	\$ 864,603
Pledges and accounts receivable, current	1,000,000	1,026,825
Total Financial Assets	<u>1,610,884</u>	<u>1,891,428</u>
Less: Net assets with donor restrictions	<u>(1,301,724)</u>	<u>(1,208,163)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 309,160</u>	<u>\$ 683,265</u>

**MARIJUANA POLICY PROJECT AND
MARIJUANA POLICY PROJECT FOUNDATION
NOTES TO THE COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019
(continued)**

NOTE E – PLEDGE RECEIVABLE

MPP 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 as of December 31, 2020 and 2019 are as follows:

	2020	2019
Due in less than one year	\$ 1,000,000	\$ 1,000,000
Due in one to five years	-	1,000,000
Total	1,000,000	2,000,000
Less: Unamortized discount at 3%	-	(30,000)
Pledges Receivable, Net	\$ 1,000,000	\$ 1,970,000

NOTE F – PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of December 31, 2020 and 2019:

	2020	2019
Furniture and equipment	\$ 77,928	\$ 77,928
Building and improvements	866,102	866,102
	944,030	944,030
Less: accumulated depreciation	(230,644)	(199,714)
Property and Equipment, Net	\$ 713,386	\$ 744,316

Depreciation expense for the years ended December 31, 2020 and 2019 totaled \$30,930 and \$38,920, respectively.

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. The loan bore interest at 5.375% per annum. Principal and interest payments of \$2,290 per month were payable until the maturity date of November 20, 2023. On the maturity date, the entire outstanding principal balance together with all accrued and unpaid interest was to be due and payable in full. As of December 31, 2019, the balance on this loan was \$370,162. On October 14, 2020, the loan principal balance and all accrued and unpaid interest was repaid in full.

**MARIJUANA POLICY PROJECT AND
MARIJUANA POLICY PROJECT FOUNDATION
NOTES TO THE COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019
(continued)**

NOTE G – DEBT – continued

On August 15, 2017, a loan agreement was executed between 2370 Champlain Street Cooperative, Inc., (“Cooperative”), and Access National Bank for a total of \$1,535,000. The Foundation has a 25.832% ownership in the Cooperative, therefore the Foundation’s share of the original loan balance is \$396,521. This loan is secured by the real property located on 2370 Champlain Street, Unit 12, NW, Washington, DC. The loan bears interest at 4.44% per annum. Principal and interest of \$2,206 per month are payable until the maturity date of August 15, 2027. On the maturity date, the entire outstanding principal balance together with all accrued and unpaid interest will be due and payable in full. As of December 31, 2020 and 2019, the balance on this loan was \$365,670 and \$374,779, respectively.

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

2021	\$	10,483
2022		10,958
2023		11,455
2024		11,974
2025		12,516
Thereafter		308,284
Total	<u>\$</u>	<u>365,670</u>

Interest expense for the years ended December 31, 2020 and 2019 totaled \$28,458 and \$13,501, respectively.

On May 5, 2020, the Foundation obtained a \$124,485 loan from Bank of America, N.A. under the Small Business Administration’s (“SBA”) Paycheck Protection Program (“PPP”) that authorizes forgivable loans to small businesses. This loan can be used to cover expenses during the COVID-19 crisis. The loan amounts may be forgiven as long as they are used to cover payroll costs, rent, certain mortgage interest, and utility costs over a period specified in the loan documents. If not used for the purposes described above, the loan is due May 5, 2022, along with interest calculated at a rate of 1% per annum. As of December 31, 2020, the outstanding balance of the PPP loan totaled \$124,485. Management has applied for full forgiveness of the loan with the SBA, which has yet to be granted as of the audit report date.

**MARIJUANA POLICY PROJECT AND
MARIJUANA POLICY PROJECT FOUNDATION
NOTES TO THE COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019
(continued)**

NOTE H – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were as follows as of December 31, 2020:

	<u>MPP</u>	<u>Foundation</u>	<u>Total</u>
Alaska	\$ -	\$ 45	\$ 45
Georgia	16,807	-	16,807
Idaho	1,287	-	1,287
Illinois	-	40,359	40,359
Minnesota	24,688	-	24,688
Other States	42,064	-	42,064
South Carolina	66,285	-	66,285
South Dakota	-	100,000	100,000
Texas	-	10,189	10,189
Time restriction	-	1,000,000	1,000,000
Total Net Assets with Donor Restrictions	<u>\$ 151,131</u>	<u>\$ 1,150,593</u>	<u>\$ 1,301,724</u>

Net assets with donor restrictions were as follows as of December 31, 2019:

	<u>MPP</u>	<u>Foundation</u>	<u>Total</u>
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 COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019
(continued)**

NOTE I – RELATED PARTY TRANSACTIONS

The Organization entered into a contract in June 2020 with Full Circle Strategies, LLC (“FCS”) to provide consulting services for a virtual event. Jotaka Eaddy, CEO of FCS, serves as a board member of the Organization. The amount paid for these services totaled \$7,500 for the year ended December 31, 2020.

NOTE J – SUBLEASE

The Organization sublets office space in their condominium unit located at 2370 Champlain Street NW #12, Washington, DC, to Students for Sensible Drug Policy, an unaffiliated entity. Monthly rent owed under the original lease is \$1,614, and the lease period is January 13, 2020 to January 31, 2021. On January 25, 2021, the lease was renewed for an additional 12 months, with monthly payments of \$542 and a lease expiration date of December 31, 2021. Rent received for the year ended December 31, 2020 totaled \$13,715. Future payments that the Organization is expected to receive are \$6,506 for the year ending December 31, 2021.

NOTE K – RETIREMENT PLAN

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

Effective January 1, 2020, the Organization participates in the Marijuana Policy Project 401(k) plan (the “Plan”) held with ADP. All employees 21 and over with at least one month of service 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 were made for all contributing employees up to 4% of their annual salary. The Organization’s contributions to the Plan for the year ended December 31, 2020 totaled \$53,762.

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, 2020 and 2019.

**MARIJUANA POLICY PROJECT AND
MARIJUANA POLICY PROJECT FOUNDATION
NOTES TO THE COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019
(continued)**

NOTE L – SUBSEQUENT EVENTS

The Organization’s management has evaluated subsequent events for potential required disclosures through August 30, 2021, which is the date the combined financial statements are available to be issued. The following events and transactions were discovered during the evaluation that required further recognition or disclosure:

In 2021, MPP entered into a Shared Services agreement with the United States Cannabis Council (“USCC”). Under the agreement, MPP agrees to provide USCC with professional and administrative staffing, office space and equipment, and administrative support so that both entities can operate effectively, realize economies of scale and minimize duplicative expenses. USCC shall reimburse MPP on a monthly basis based on invoices provided by MPP. The agreement is in effect until December 31, 2021, and automatically renews for 1-year terms unless terminated by either party.

SUPPLEMENTAL SCHEDULES

**MARIJUANA POLICY PROJECT AND
MARIJUANA POLICY PROJECT FOUNDATION
COMBINING SCHEDULE OF FINANCIAL POSITION
DECEMBER 31, 2020**

	MPP	The Foundation	Elimination	Total
<u>ASSETS</u>				
CURRENT ASSETS				
Cash and cash equivalents	\$ 22,683	\$ 588,201	\$ -	\$ 610,884
Pledges receivable	-	1,000,000	-	1,000,000
Due from MPP	182,544	-	(182,544)	-
Total Current Assets	205,227	1,588,201	(182,544)	1,610,884
PROPERTY AND EQUIPMENT, NET	4,703	708,683	-	713,386
TOTAL ASSETS	\$ 209,930	\$ 2,296,884	\$ (182,544)	\$ 2,324,270
<u>LIABILITIES AND NET ASSETS</u>				
CURRENT LIABILITIES				
Accounts payable	\$ 6,624	\$ 6,982	\$ -	\$ 13,606
Accrued expenses	5,635	2,963	-	8,598
Mortgage payable, current portion	-	10,483	-	10,483
Due to MPP	-	182,544	(182,544)	-
Total Current Liabilities	12,259	202,972	(182,544)	32,687
NON-CURRENT LIABILITIES				
Mortgage payable, net of current portion	-	355,187	-	355,187
PPP loan	-	124,485	-	124,485
Total Non-Current Liabilities	-	479,672	-	479,672
NET ASSETS				
Without donor restrictions	46,539	463,648	-	510,187
With donor restrictions	151,132	1,150,592	-	1,301,724
Total Net Assets	197,671	1,614,240	-	1,811,911
TOTAL LIABILITIES AND NET ASSETS	\$ 209,930	\$ 2,296,884	\$ (182,544)	\$ 2,324,270

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

**MARIJUANA POLICY PROJECT AND
MARIJUANA POLICY PROJECT FOUNDATION
COMBINING SCHEDULE OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020**

	MPP	The Foundation	Total
	<u> </u>	<u> </u>	<u> </u>
REVENUE AND SUPPORT			
Individual contributions (non-board)	\$ 464,384	\$ 264,721	\$ 729,105
Board contributions	335,000	405,283	740,283
Corporate contributions	356,250	115,250	471,500
Rental income	13,715	-	13,715
Interest income	100	1,715	1,815
Other income	23	5,000	5,023
Total Revenue and Support	<u>1,169,472</u>	<u>791,969</u>	<u>1,961,441</u>
EXPENSES			
Program Services	786,388	892,910	1,679,298
Supporting Services:			
General and administration	241,051	474,043	715,094
Fundraising	185,871	375,252	561,123
Total Supporting Services	<u>426,922</u>	<u>849,295</u>	<u>1,276,217</u>
Total Expenses	<u>1,213,310</u>	<u>1,742,205</u>	<u>2,955,515</u>
CHANGE IN NET ASSETS	(43,838)	(950,236)	(994,074)
NET DEFICIT, beginning of year	<u>241,509</u>	<u>2,564,476</u>	<u>2,805,985</u>
NET ASSETS, end of year	<u>\$ 197,671</u>	<u>\$ 1,614,240</u>	<u>\$ 1,811,911</u>

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