

**MARIJUANA POLICY PROJECT  
AND  
MARIJUANA POLICY PROJECT FOUNDATION  
  
COMBINED FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT  
  
DECEMBER 31, 2023 AND 2022**

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## Independent Auditor's Report

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

### **Opinion**

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, 2023 and 2022, and the related combined statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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, 2023 and 2022, and the changes in their net assets and their 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 audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Marijuana Policy Project and Marijuana Policy Project Foundation and to meet our other 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.

### **Responsibilities of Management for the Financial Statements**

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

In preparing the combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Marijuana Policy Project and Marijuana Policy Project Foundation's ability to continue as a going concern within one year after the date that the combined financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the combined 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 generally accepted auditing standards 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 in 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 combined financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined 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 combined 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 Marijuana Policy Project and Marijuana Policy Project Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate that raise substantial doubt about Marijuana Policy Project and Marijuana Policy Project Foundation'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.

### **Supplementary 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 19 – 20 are presented for purposes of additional analysis and are not a required part of the combined 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 combined financial statements as a whole.

### **Emphasis of Matter**

As discussed in Note B to the financial statements, during the year ended December 31, 2023, Marijuana Policy Project adopted new accounting guidance, Accounting Standards Update ("ASU") 2016-13, Topic 326, *Measurement of Credit Losses on Financial Instruments*. Our opinion is not modified with respect to this matter.



Washington, DC  
February 11, 2026

**MARIJUANA POLICY PROJECT AND  
MARIJUANA POLICY PROJECT FOUNDATION  
COMBINED STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2023 AND 2022**

	2023	2022
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 31,082	\$ 159,125
Accounts receivable	19,417	50,724
Prepaid expenses	8,071	-
Total Current Assets	58,570	209,849
<b>PROPERTY AND EQUIPMENT, NET</b>	638,168	662,861
<b>TOTAL ASSETS</b>	\$ 696,738	\$ 872,710
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 171,099	\$ 125,433
Accrued expenses	550	53,267
Mortgage payable, current portion	11,974	11,455
Total Current Liabilities	183,623	190,155
<b>NON-CURRENT LIABILITIES</b>		
Mortgage payable, net of current portion	324,187	332,582
Total Non-Current Liabilities	324,187	332,582
<b>TOTAL LIABILITIES</b>	507,810	522,737
<b>NET ASSETS</b>		
Without donor restrictions	66,554	87,476
With donor restrictions	122,374	262,497
Total Net Assets	188,928	349,973
<b>TOTAL LIABILITIES AND NET ASSETS</b>	\$ 696,738	\$ 872,710

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, 2023**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE AND SUPPORT</b>			
Corporate contributions	\$ 2,399,539	\$ -	\$ 2,399,539
Individual contributions (non-board)	1,303,645	-	1,303,645
Board contributions	302,565	-	302,565
Management fee	40,972	-	40,972
Rental income	4,880	-	4,880
Other income	1,220	-	1,220
Interest income	30	-	30
Net assets released from restrictions	140,123	(140,123)	-
Total Revenue and Support	4,192,974	(140,123)	4,052,851
<b>EXPENSES</b>			
Program Services	2,933,437	-	2,933,437
Support Services:			
General and administration	854,570	-	854,570
Fundraising	425,889	-	425,889
Total Support Services	1,280,459	-	1,280,459
Total Expenses	4,213,896	-	4,213,896
<b>CHANGE IN NET ASSETS</b>	(20,922)	(140,123)	(161,045)
<b>NET ASSETS</b> , beginning of year	87,476	262,497	349,973
<b>NET ASSETS</b> , end of year	\$ 66,554	\$ 122,374	\$ 188,928

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, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE AND SUPPORT</b>			
Corporate contributions	\$ 1,429,985	\$ 206,170	\$ 1,636,155
Individual contributions (non-board)	250,502	178,852	429,354
Board contributions	1,250,000	-	1,250,000
Management fee	1,172,526	-	1,172,526
Rental income	5,964	-	5,964
Other income	6,836	-	6,836
Interest income	1,320	-	1,320
Net assets released from restrictions	400,853	(400,853)	-
Total Revenue and Support	<u>4,517,986</u>	<u>(15,831)</u>	<u>4,502,155</u>
<b>EXPENSES</b>			
Program Services	2,165,507	-	2,165,507
Support Services:			
General and administration	2,590,179	-	2,590,179
Fundraising	603,318	-	603,318
Total Support Services	<u>3,193,497</u>	<u>-</u>	<u>3,193,497</u>
Total Expenses	<u>5,359,004</u>	<u>-</u>	<u>5,359,004</u>
<b>CHANGE IN NET ASSETS</b>	(841,018)	(15,831)	(856,849)
<b>NET ASSETS, beginning of year</b>	<u>928,494</u>	<u>278,328</u>	<u>1,206,822</u>
<b>NET ASSETS, end of year</b>	<u>\$ 87,476</u>	<u>\$ 262,497</u>	<u>\$ 349,973</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, 2023**

	Program Services	Support Services		TOTAL	
		General and Administration	Fundraising		Total Support Services
Personnel Costs:					
Salaries	\$ 642,617	\$ 349,467	\$ 325,622	\$ 675,089	\$ 1,317,706
Payroll taxes	49,624	28,763	26,948	55,711	105,335
Benefits and insurance	60,335	40,282	36,707	76,989	137,324
Retirement benefits	14,302	10,823	12,050	22,873	37,175
Subtotal Personnel Costs	<u>766,878</u>	<u>429,335</u>	<u>401,327</u>	<u>830,662</u>	<u>1,597,540</u>
Accounting	-	54,073	-	54,073	54,073
Bank and credit card fees	60	8,299	796	9,095	9,155
Contributions	2,096,250	-	-	-	2,096,250
Depreciation	-	24,693	-	24,693	24,693
Dues and subscriptions	1,761	34,092	1,441	35,533	37,294
Information technology	210	169,208	3,755	172,963	173,173
Insurance	-	36,513	-	36,513	36,513
Interest expense	-	10,448	-	10,448	10,448
Meetings and conference	162	-	-	-	162
Occupancy	-	44,466	-	44,466	44,466
Office supplies	-	8,590	483	9,073	9,073
Professional services	53,025	10,916	1,746	12,662	65,687
Promotion and outreach	10,056	817	-	817	10,873
Postage	-	1,982	6,576	8,558	8,558
Printing	174	5,583	3,660	9,243	9,417
Repairs and maintenance	-	1,582	-	1,582	1,582
Telephone	523	11,772	-	11,772	12,295
Travel	4,338	2,201	6,105	8,306	12,644
Total Expenses	<u>\$ 2,933,437</u>	<u>\$ 854,570</u>	<u>\$ 425,889</u>	<u>\$ 1,280,459</u>	<u>\$ 4,213,896</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, 2022**

	Program Services	Support Services		TOTAL	
		General and Administration	Fundraising		Total Support Services
Personnel Costs:					
Salaries	\$ 1,007,571	\$ 1,369,511	\$ 367,308	\$ 1,736,819	\$ 2,744,390
Payroll taxes	111,036	54,992	44,310	99,302	210,338
Benefits and insurance	64,636	45,312	2,321	47,633	112,269
Retirement benefits	32,022	36,454	12,922	49,376	81,398
Subtotal Personnel Costs	<u>1,215,265</u>	<u>1,506,269</u>	<u>426,861</u>	<u>1,933,130</u>	<u>3,148,395</u>
Accounting	-	38,414	-	38,414	38,414
Bank and credit card fees	110	3,875	-	3,875	3,985
Contributions	692,600	500,000	-	500,000	1,192,600
Depreciation	-	26,447	-	26,447	26,447
Dues and subscriptions	3,224	36,346	1,501	37,847	41,071
Information technology	5,382	196,142	18,677	214,819	220,201
Insurance	-	32,981	-	32,981	32,981
Interest expense	-	2,257	-	2,257	2,257
Meetings and conference facilities	12,757	6,508	6,313	12,821	25,578
Occupancy	-	49,879	-	49,879	49,879
Office supplies	751	19,303	3,923	23,226	23,977
Professional services	170,405	127,759	113,929	241,688	412,093
Promotion and outreach	8,410	96	-	96	8,506
Postage	226	6,661	5,755	12,416	12,642
Printing	2,099	5,191	61	5,252	7,351
Repairs and maintenance	3,485	3,882	-	3,882	7,367
Telephone	986	5,432	-	5,432	6,418
Travel	49,807	22,737	26,298	49,035	98,842
Total Expenses	<u>\$ 2,165,507</u>	<u>\$ 2,590,179</u>	<u>\$ 603,318</u>	<u>\$ 3,193,497</u>	<u>\$ 5,359,004</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, 2023 AND 2022**

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (161,045)	\$ (856,849)
Adjustments to reconcile changes in net assets to net cash used for operating activities:		
Depreciation	24,693	26,447
(Increase) decrease in assets:		
Accounts receivable	31,307	67,301
Prepaid expenses	(8,071)	-
Increase in liabilities:		
Accounts payable	45,666	64,856
Accrued expenses	(52,717)	32,313
Net Cash Used for Operating Activities	(120,167)	(665,932)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	-	(4,473)
Net Cash Used for Investing Activities	-	(4,473)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal payments made on PPP loan	-	(17,922)
Principal payments made on mortgage payable	(7,876)	(11,421)
Net Cash Used for Financing Activities	(7,876)	(29,343)
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(128,043)	(699,748)
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	159,125	858,873
<b>CASH AND CASH EQUIVALENTS, end of year</b>	\$ 31,082	\$ 159,125
<b>SUPPLEMENTARY INFORMATION:</b>		
Cash paid for interest	\$ 10,448	\$ 2,257

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, 2023 AND 2022**

**NOTE A – ORGANIZATION AND NATURE OF ACTIVITIES**

The Marijuana Policy Project (“MPP”) is a 501(c)(4) non-profit organization formed under the laws of 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 under the laws of 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.

Although there is no economic dependency between MPP and the Foundation, both entities operate under common management and share board members. MPP and the Foundation hereon will be referred to, collectively, as the “Organization.”

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Accounting

These combined financial statements were prepared using the accrual basis of accounting. Therefore, 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 combined financial position and the results of operations of MPP and the Foundation. Significant intercompany accounts and transactions have been eliminated in these combined financial statements.

Adoption of New Accounting Pronouncement

In June 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2016-13, *Financial Instruments—Credit Losses* (Topic 326): *Measurement of Credit Losses on Financial Instruments*. The amendments in this ASU significantly change how organizations will measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. Importantly, this ASU will impact both financial institutions and non-financial services entities.

**MARIJUANA POLICY PROJECT AND  
MARIJUANA POLICY PROJECT FOUNDATION  
NOTES TO THE COMBINED FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022  
(continued)**

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued**

Adoption of New Accounting Pronouncement – continued

Previously, U.S. generally accepted accounting principles (U.S. GAAP) contained an “incurred loss” methodology for recognizing credit losses. This methodology delayed recognition until it was probable that a loss had been incurred. ASU 2016-13 introduces an approach based on expected losses to estimate credit losses on certain types of financial instruments (including trade receivables).

MPP and the Foundation adopted ASU 2016-13 (commonly known as the *Current Expected Credit Loss Impairment Model*, or “CECL”), effective January 1, 2023. The main objective of ASU 2016-13 is to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. To achieve this objective, the amendments in CECL replace the incurred loss impairment methodology with a methodology that reflects expected credit losses, and requires consideration of a broader range of reasonable and supportable information to report credit loss estimates.

Upon adoption of ASU 2016-13, *Measurement of Credit Losses on Financial Instruments*, MPP and the Foundation did not recognize an allowance for credit losses as of January 1, 2023, because all the year-end receivables that were not expected to be collected were recorded as bad debt as of December 31, 2023.

Combined Financial Statement Presentation

Combined financial statement presentation follows Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 958, *Not-for-Profit Entities*. In accordance with Topic 958, 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 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 statements of activities as net assets released from restrictions.

**MARIJUANA POLICY PROJECT AND  
MARIJUANA POLICY PROJECT FOUNDATION  
NOTES TO THE COMBINED FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022  
(continued)**

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued**

Cash and Cash Equivalents

For purposes of the combined statements of cash flows, the Organization considers savings and money market accounts to be cash and cash equivalents. The Organization maintains its cash and cash equivalents in bank deposit accounts, which are insured by the Federal Deposit Insurance Corporation for 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 and cash equivalents.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from balances outstanding at year end. Annually, management determines if an allowance for credit losses is necessary based upon a review of outstanding receivables, historical collection of information and existing economic conditions. Receivables deemed uncollectible are charged off based on specific circumstances of the parties involved. As of December 31, 2023 and 2022, management has determined that all significant accounts receivable are collectible, and therefore, an allowance for credit losses was not established. Accounts receivable as of the beginning of the year ended December 31, 2022, totaled \$118,025.

Property and Equipment

Property and equipment valued in excess of \$1,000 and with a useful life of more than one year are capitalized and recorded at cost or, if donated, at the approximate fair value at the time of the donation. Building and improvements are capitalized at cost and amortized over the remaining life of the asset. Repairs and maintenance, which do not improve or extend the life of the respective asset, are charged to expense as incurred. 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

**MARIJUANA POLICY PROJECT AND  
MARIJUANA POLICY PROJECT FOUNDATION  
NOTES TO THE COMBINED FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022  
(continued)**

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued**

Revenue Recognition

*Contributions* - The Organization recognizes 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.

*Management Fee* - In 2021, MPP entered into an annual contract with another non-profit to provide them with staffing, office space, equipment and other administrative support and be reimbursed for these services. This agreement continued on a monthly basis until the agreement was terminated upon dissolution of the sponsored organization in February 2023. Revenue for these services was recognized at a point in time when the obligation was fulfilled.

Use of Estimates

The preparation of combined financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combined financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates that were assumed in preparing the combined financial statements.

Method Used for Allocation of Expenses

The combined financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Expenses of this nature are allocated on a reasonable basis that is consistently applied. Allocated expenses include dues and subscriptions, professional services, and any other applicable expenditures, which are allocated on the basis of salaries and related costs determined by estimates of time and effort expended.

**MARIJUANA POLICY PROJECT AND  
MARIJUANA POLICY PROJECT FOUNDATION  
NOTES TO THE COMBINED FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022  
(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. 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 combined financial statements or that would have an effect on its tax-exempt status. There are no unrecognized tax benefits or liabilities that needed 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 2020 through 2022 are open for a tax examination by the IRS, although no request has been made as of the date of these combined 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 sources of liquidity at their disposal including cash and cash equivalents, and accounts receivable. As noted below, the Organization does not have sufficient liquidity to meet cash needs for general expenditures. The Organization took multiple steps to improve the situation in 2023. One major action was the securing of a \$1 million dollar anonymous major gift in March of 2023. This major gift did not have any donor restrictions and could be used for operation. On July 2023, the Organization had hired a Major Gifts Officer who focused on securing more donations that were not restricted. At the same time, the Organization has put its physical office space on the market. Finally, the Organization has been cutting expenses and re-evaluating its monthly expenses, see Note L for further discussion on financial condition.

**MARIJUANA POLICY PROJECT AND  
MARIJUANA POLICY PROJECT FOUNDATION  
NOTES TO THE COMBINED FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022  
(continued)**

**NOTE D – AVAILABLE RESOURCES AND LIQUIDITY - continued**

As of December 31, 2023 and 2022, 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 combined statements of financial position dates to meet general expenditures resulted in a deficit and were as follows:

	2023	2022
Cash and cash equivalents	\$ 31,082	\$ 159,125
Accounts receivable	19,417	50,724
Total Financial Assets	50,499	209,849
Less: Net assets with donor restrictions	(122,374)	(262,497)
Financial Assets Deficit	\$ (71,875)	\$ (52,648)

**NOTE E – PROPERTY AND EQUIPMENT**

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

	2023	2022
Furniture and equipment	\$ 84,953	\$ 84,953
Building and improvements	866,102	866,102
	951,055	951,055
Less: accumulated depreciation	(312,887)	(288,194)
Property and Equipment, Net	\$ 638,168	\$ 662,861

Depreciation expense for the years ended December 31, 2023 and 2022, totaled \$24,693 and \$26,447, respectively.

**MARIJUANA POLICY PROJECT AND  
MARIJUANA POLICY PROJECT FOUNDATION  
NOTES TO THE COMBINED FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022  
(continued)**

**NOTE F – DEBT**

*Mortgage Loan*

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, 2023 and 2022, the outstanding mortgage loan balance totaled \$336,161 and \$344,037, respectively.

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

2024	\$	11,974
2025		12,517
2026		13,084
2027		13,677
2028		14,296
Thereafter		270,613
Total	<u>\$</u>	<u>336,161</u>

Interest expense for the years ended December 31, 2023 and 2022, totaled \$10,448 and \$2,257, respectively.

*Paycheck Protection Program Loan*

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 authorized forgivable loans to small businesses. This loan could be used to cover expenses during the COVID-19 crisis. The loan amounts would be forgiven as long as they were 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 would become due on May 5, 2022, along with interest calculated at a rate of 1% per annum. The amount of \$106,563, was partially forgiven on January 14, 2022, and was recognized as forgiveness of PPP loan in the combined statement of activities for the year ended December 31, 2021, as all required loan conditions had been fulfilled. The outstanding balance due on the PPP loan was paid off on June 13, 2022.

**MARIJUANA POLICY PROJECT AND  
MARIJUANA POLICY PROJECT FOUNDATION  
NOTES TO THE COMBINED FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022  
(continued)**

**NOTE G – NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions represent contributions made to the Organization in support of legislative initiatives implemented by various states as of December 31, 2023:

	<u>MPP</u>	<u>Foundation</u>	<u>Total</u>
Georgia	\$ 16,613	\$ -	\$ 16,613
Idaho	1,287	-	1,287
Illinois	-	39,725	39,725
Minnesota	18,943	-	18,943
Maryland	1,787	-	1,787
Other States	35,603	-	35,603
Texas	-	8,416	8,416
Total Net Assets with Donor Restrictions	<u>\$ 74,233</u>	<u>\$ 48,141</u>	<u>\$ 122,374</u>

Net assets with donor restrictions represent contributions made to the Organization in support of legislative initiatives implemented by various states as of December 31, 2022:

	<u>MPP</u>	<u>Foundation</u>	<u>Total</u>
Alaska	\$ -	\$ 16	\$ 16
Georgia	16,629	-	16,629
Idaho	1,287	-	1,287
Illinois	-	40,359	40,359
Minnesota	22,097	-	22,097
Maryland	23,201	-	23,201
Other States	37,321	-	37,321
Texas	-	8,995	8,995
Time restriction	-	112,592	112,592
Total Net Assets with Donor Restrictions	<u>\$ 100,535</u>	<u>\$ 161,962</u>	<u>\$ 262,497</u>

**NOTE H – SUBLEASE**

The Foundation sublets office space in its condominium unit located at 2370 Champlain Street NW #12, Washington, DC, to Students for Sensible Drug Policy, an unaffiliated entity.

**MARIJUANA POLICY PROJECT AND  
MARIJUANA POLICY PROJECT FOUNDATION  
NOTES TO THE COMBINED FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022  
(continued)**

**NOTE H – SUBLEASE - continued**

Monthly rent owed under the original lease was \$1,614. On March 7, 2022, the lease was renewed a second time for an additional 12 months, with monthly rental payments of \$542, and an expiration date of December 31, 2022. The lease was renewed a third time on April 25, 2023, for an additional 12 months, with monthly rental payments of \$542, and an expiration date of December 31, 2023. Rental income for the years ended December 31, 2023 and 2022, totaled \$4,880 and \$5,964, respectively. The lease agreement was terminated upon expiration in December 2023, and the tenant vacated the premises in October 2023.

**NOTE I – RETIREMENT PLAN**

Effective January 1, 2020, the Organization participates in the Marijuana Policy Project 401(k) plan (the “Plan”) held with ADP. All employees age 21 and over with at least one month of service are eligible to participate in the Plan and make annual pre-tax contributions not to exceed the allowable limits set by the Internal Revenue Service. 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 years ended December 31, 2023 and 2022, totaled \$37,175 and \$81,398, respectively.

MPP participates in a non-qualified defined contribution 457(b) plan held with Lincoln Financial Group. The prior Executive Director was the only employee able to contribute to the 457(b) plan. The employer could make discretionary contributions of up to 3% of the former Executive Director’s annual salary. However, there were no contributions paid into the 457(b) plan for the years ended December 31, 2023 and 2022.

**NOTE J – CONCENTRATION**

On August 30, 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 for expenses incurred. The agreement automatically renews for one-year terms unless terminated by either party and was still in effect as of December 31, 2022. During the year ended December 31, 2023, the agreement was terminated as of February 2023.

**MARIJUANA POLICY PROJECT AND  
MARIJUANA POLICY PROJECT FOUNDATION  
NOTES TO THE COMBINED FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022  
(continued)**

**NOTE J – CONCENTRATION - continued**

For the years ending December 31, 2023 and 2022, the underlying expenses related to that shared services agreement are included in the general and administrative support service category on the statement of functional expenses. MPP was reimbursed \$40,972 and \$1,172,526, respectively. These amounts are included in the statements of activities as management fee and account for 25% and 26% of total revenue for the years ending December 31, 2023 and 2022, respectively.

**NOTE K – MEMORANDUM OF UNDERSTANDING**

On February 15, 2020, MPP entered into a Memorandum of Understanding (“MOU”) with the Council for Federal Cannabis Regulations (“CFCR”) for the provision of administrative and policy support with respect to the promotion and legalization of cannabis products. In exchange, CFCR agreed to pay MPP 15% of all the proceeds received from its corporate and business community. During the year ended December 31, 2022, this MOU was terminated, and MPP did not have any fiscal sponsorship agreement with CFCR. Therefore, the MOU is no longer in effect as of June 2022.

**NOTE L – FINANCIAL CONDITION**

Due to an overall revenue decline, as well as partnerships with the USCC and CFCR ending, MPP has experienced deficiencies in net assets, as well as a deficit in its liquidity position. MPP continues to reduce operating expenses, and has secured grant funding subsequent to year end; to establish a positive net asset position for the year ended December 31, 2024. In addition, MPP plans to continue to aggressively seek out and secure additional revenue through grant funded projects, and to implement identified strategies for increasing revenue. The goal of this combined effort is to increase MPP’s net assets without donor restrictions to a positive amount in the year ended December 31, 2024.

**NOTE M - SUBSEQUENT EVENTS**

The Organization’s management has evaluated subsequent events for potential required disclosures through February 11, 2026, which is the date the combined financial statements are available to be issued. There were no additional events or transactions that were discovered during the evaluation that require further recognition or disclosure.

**SUPPLEMENTARY SCHEDULES**

**MARIJUANA POLICY PROJECT AND  
MARIJUANA POLICY PROJECT FOUNDATION  
COMBINING SCHEDULE OF FINANCIAL POSITION  
DECEMBER 31, 2023**

	MPP	Foundation	Elimination	Total
<b><u>ASSETS</u></b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 29,486	\$ 1,596	\$ -	\$ 31,082
Accounts receivable	5,350	14,067	-	19,417
Due from MPP	-	432,043	(432,043)	-
Prepaid expenses	6,014	2,057	-	8,071
Total Current Assets	40,850	449,763	(432,043)	58,570
<b>PROPERTY AND EQUIPMENT, NET</b>	3,348	634,820	-	638,168
<b>TOTAL ASSETS</b>	\$ 44,198	\$ 1,084,583	\$ (432,043)	\$ 696,738
<b><u>LIABILITIES AND NET ASSETS</u></b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	\$ 74,933	\$ 96,166	\$ -	\$ 171,099
Accrued expenses	550	-	-	550
Mortgage payable, current portion	-	11,974	-	11,974
Due to Foundation	432,043	-	(432,043)	-
Total Current Liabilities	507,526	108,140	(432,043)	183,623
<b>NON-CURRENT LIABILITIES</b>				
Mortgage payable, net of current portion	-	324,187	-	324,187
Total Non-Current Liabilities	-	324,187	-	324,187
<b>TOTAL LIABILITIES</b>	507,526	432,327	(432,043)	507,810
<b>NET ASSETS (DEFICIT)</b>				
Without donor restrictions	(537,561)	604,115	-	66,554
With donor restrictions	74,233	48,141	-	122,374
Total Net Assets (Deficit)	(463,328)	652,256	-	188,928
<b>TOTAL LIABILITIES AND NET ASSETS</b>	\$ 44,198	\$ 1,084,583	\$ (432,043)	\$ 696,738

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, 2023**

	<u>MPP</u>	<u>Foundation</u>	<u>Total</u>
<b>REVENUE AND SUPPORT</b>			
Corporate contributions	\$ 2,249,129	\$ 150,410	\$ 2,399,539
Individual contributions (non-board)	133,314	1,170,331	1,303,645
Board contributions	302,540	25	302,565
Management fee	40,972	-	40,972
Rental income	-	4,880	4,880
Other income	1,220	-	1,220
Interest income	4	26	30
Total Revenue and Support	<u>2,727,179</u>	<u>1,325,672</u>	<u>4,052,851</u>
<b>EXPENSES</b>			
Program Services	2,485,899	447,538	2,933,437
Supporting Services:			
General and administration	465,822	388,748	854,570
Fundraising	232,114	193,775	425,889
Total Supporting Services	<u>697,936</u>	<u>582,523</u>	<u>1,280,459</u>
Total Expenses	<u>3,183,835</u>	<u>1,030,061</u>	<u>4,213,896</u>
<b>CHANGE IN NET ASSETS</b>	(456,656)	295,611	(161,045)
<b>NET ASSETS (DEFICIT), beginning of year</b>	<u>(6,672)</u>	<u>356,645</u>	<u>349,973</u>
<b>NET ASSETS (DEFICIT), end of year</b>	<u>\$ (463,328)</u>	<u>\$ 652,256</u>	<u>\$ 188,928</u>

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