

THE MARSHALL PROJECT, INC.

FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021



INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The Marshall Project, Inc.

Opinion

We have audited the accompanying financial statements of The Marshall Project, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related 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 financial statements referred to above present fairly, in all material respects, the financial position of The Marshall Project, Inc. as of June 30, 2022 and 2021, 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.

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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Marshall Project, Inc. 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 financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Marshall Project, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Marshall Project Inc.'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.

Lotz + Carr, LLP

New York, New York
March 14, 2023

THE MARSHALL PROJECT, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Assets		
Cash and cash equivalents (Notes 1b and 6a)		
Without donor restrictions	\$ 9,631,710	\$10,576,499
With donor restrictions	1,443,013	539,166
Certificates of deposit (Notes 1c and 1d)	3,000,000	-
Unconditional promises to give (Notes 1e, 4 and 6b)		
Without donor restrictions	175,000	227,500
With donor restrictions	4,333,461	2,722,234
Prepaid expenses and other assets	89,472	99,648
Property and equipment, at cost, net of accumulated depreciation (Notes 1f and 5)	<u>74,990</u>	<u>60,204</u>
Total Assets	<u>\$18,747,646</u>	<u>\$14,225,251</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 198,428	\$ 32,541
Deferred rent (Note 1h)	<u>10,400</u>	<u>-</u>
Total Liabilities	<u>208,828</u>	<u>32,541</u>
Commitments (Note 9)		
Net Assets		
Without Donor Restrictions		
Board designated reserves (Note 3a)	3,751,576	1,048,544
Undesignated	<u>9,010,768</u>	<u>9,882,766</u>
Total Without Donor Restrictions	<u>12,762,344</u>	<u>10,931,310</u>
With Donor Restrictions (Note 3b)	<u>5,776,474</u>	<u>3,261,400</u>
Total Net Assets	<u>18,538,818</u>	<u>14,192,710</u>
Total Liabilities and Net Assets	<u>\$18,747,646</u>	<u>\$14,225,251</u>

See notes to financial statements.

THE MARSHALL PROJECT, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2022 AND 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Changes in Net Assets Without Donor Restrictions						
Revenue and Support						
Contributions (Note 6b)	\$10,182,325	\$ 4,920,889	\$15,103,214	\$ 8,093,713	\$ 2,028,099	\$10,121,812
Donated legal services (Note 7)	272,327	-	272,327	299,191	-	299,191
Loan forgiveness - Paycheck Protection Program (Note 8)	-	-	-	749,000	-	749,000
Other income	71,294	-	71,294	40,759	-	40,759
	<u>10,525,946</u>	<u>4,920,889</u>	<u>15,446,835</u>	<u>9,182,663</u>	<u>2,028,099</u>	<u>11,210,762</u>
Net assets released from restrictions						
Satisfaction of time and program restrictions	2,405,815	(2,405,815)	-	2,672,598	(2,672,598)	-
	<u>12,931,761</u>	<u>2,515,074</u>	<u>15,446,835</u>	<u>11,855,261</u>	<u>(644,499)</u>	<u>11,210,762</u>
Total Revenue and Support						
Expenses						
Program Services	7,790,170	-	7,790,170	6,474,990	-	6,474,990
Supporting Services						
General and administrative	2,316,756	-	2,316,756	1,870,118	-	1,870,118
Fundraising	993,801	-	993,801	636,282	-	636,282
Total Supporting Services	<u>3,310,557</u>	<u>-</u>	<u>3,310,557</u>	<u>2,506,400</u>	<u>-</u>	<u>2,506,400</u>
Total Expenses	<u>11,100,727</u>	<u>-</u>	<u>11,100,727</u>	<u>8,981,390</u>	<u>-</u>	<u>8,981,390</u>
Increase (decrease) in net assets	1,831,034	2,515,074	4,346,108	2,873,871	(644,499)	2,229,372
Net assets, beginning of year	10,931,310	3,261,400	14,192,710	8,057,439	3,905,899	11,963,338
	<u>\$12,762,344</u>	<u>\$ 5,776,474</u>	<u>\$18,538,818</u>	<u>\$10,931,310</u>	<u>\$ 3,261,400</u>	<u>\$14,192,710</u>
Net Assets, End of Year						

See notes to financial statements.

THE MARSHALL PROJECT, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2022 WITH COMPARATIVE TOTALS FOR 2021

	2022			Total Expenses	2021	
	Program Services	Supporting Services				Total Expenses
		General and Administrative	Fundraising	Total	Total Expenses	
Salaries, payroll taxes and employee benefits	\$6,453,202	\$ 1,276,728	\$ 734,138	\$2,010,866	\$ 8,464,068	\$6,835,544
Professional and consultant fees	494,534	812,518	137,327	949,845	1,444,379	1,155,743
Publications and research	171,025	28,882	4,607	33,489	204,514	128,344
Information technology	437	30,134	1,515	31,649	32,086	35,423
Travel	132,108	53,121	22,159	75,280	207,388	40,717
Occupancy	332,611	65,805	37,839	103,644	436,255	440,205
Events	-	-	-	-	-	646
Office supplies	72,122	14,269	8,205	22,474	94,596	88,608
Insurance	78,090	15,449	8,884	24,333	102,423	87,776
Advertising	27,540	-	11,235	11,235	38,775	47,530
Bank fees	-	11,703	24,758	36,461	36,461	40,636
Other expenses	956	2,698	-	2,698	3,654	33,064
Depreciation	27,545	5,449	3,134	8,583	36,128	47,154
Total Expenses, 2022	<u>\$7,790,170</u>	<u>\$ 2,316,756</u>	<u>\$ 993,801</u>	<u>\$3,310,557</u>	<u>\$11,100,727</u>	
Total Expenses, 2021	<u>\$6,474,990</u>	<u>\$ 1,870,118</u>	<u>\$ 636,282</u>	<u>\$2,506,400</u>		<u>\$8,981,390</u>

See notes to financial statements.

THE MARSHALL PROJECT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021

	Program Services	Supporting Services			Total Expenses
		General and Administrative	Fundraising	Total	
Salaries, payroll taxes and employee benefits	\$5,287,293	\$ 1,081,383	\$ 466,868	\$1,548,251	\$6,835,544
Professional and consultant fees	480,387	568,846	106,510	675,356	1,155,743
Publications and research	120,767	6,422	1,155	7,577	128,344
Information technology	-	35,423	-	35,423	35,423
Travel	24,846	15,602	269	15,871	40,717
Occupancy	340,498	69,641	30,066	99,707	440,205
Events	-	-	646	646	646
Office supplies	68,538	14,018	6,052	20,070	88,608
Insurance	67,894	13,887	5,995	19,882	87,776
Advertising	26,943	7,512	13,075	20,587	47,530
Bank fees	-	40,636	-	40,636	40,636
Other expenses	21,350	9,289	2,425	11,714	33,064
Depreciation	36,474	7,459	3,221	10,680	47,154
Total Expenses	<u>\$6,474,990</u>	<u>\$ 1,870,118</u>	<u>\$ 636,282</u>	<u>\$2,506,400</u>	<u>\$8,981,390</u>

See notes to financial statements.

THE MARSHALL PROJECT, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Cash Flows From Operating Activities		
Increase in net assets	\$ 4,346,108	\$ 2,229,372
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Loan forgiveness - Paycheck Protection Program	-	(749,000)
Gain on sale of property and equipment	(7,272)	-
Depreciation	36,128	47,154
(Increase) decrease in:		
Unconditional promises to give	(1,558,727)	474,517
Prepaid expenses and other assets	10,176	(70,925)
Increase (decrease) in:		
Accounts payable and accrued expenses	165,887	(13,429)
Deferred rent	10,400	-
Net Cash Provided By Operating Activities	<u>3,002,700</u>	<u>1,917,689</u>
Cash Flows From Investing Activities		
Purchase of certificates of deposit	(3,000,000)	-
Proceeds from sale of property and equipment	8,356	-
Acquisition of property and equipment	(51,998)	(51,474)
Net Cash Used By Investing Activities	<u>(3,043,642)</u>	<u>(51,474)</u>
Net increase (decrease) in cash and cash equivalents	(40,942)	1,866,215
Cash and cash equivalents, beginning of year	<u>11,115,665</u>	<u>9,249,450</u>
Cash and Cash Equivalents, End of Year	<u><u>\$11,074,723</u></u>	<u><u>\$11,115,665</u></u>

See notes to financial statements.

THE MARSHALL PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

Note 1 - Organization and Summary of Significant Accounting Policies

a - Organization

The Marshall Project, Inc. ("The Marshall Project") is a nonpartisan news organization incorporated as a not-for-profit corporation in the state of Delaware. Its purpose is to raise public awareness around issues of criminal justice and the possibility for reform while remaining nonpartisan. However, The Marshall Project is not neutral. By bringing transparency to the systemic problems that plague the courts and prisons, The Marshall Project helps stimulate a national conversation about how best to reform the system of crime and punishment.

b - Cash and Cash Equivalents

For purposes of the statement of cash flows, The Marshall Project considers all highly liquid debt instruments, purchased with a maturity of three months or less, to be cash equivalents.

c - Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement, not an entity-based measurement. Generally accepted accounting principles establish a framework for measuring fair value which maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those the market participants would use in pricing the asset based on market data obtained from sources independent of The Marshall Project. Unobservable inputs reflect The Marshall Project's assumptions about the inputs market participants would use in pricing the asset developed based on the best information available in the circumstances. Fair value measurements are categorized into three levels as follows:

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

Level 2 Inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3 Inputs that are unobservable.

A financial instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

THE MARSHALL PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

Note 1 - Organization and Summary of Significant Accounting Policies (continued)

d - Certificates of Deposit

Certificates of deposit are reported at fair value in the statement of financial position. The value of certificates of deposit are based on quoted market prices in active markets and are, therefore, classified within Level 1 of the fair value hierarchy.

e - Contributions and Unconditional Promises to Give

Contributions received are recorded as support without donor restrictions or support with donor restrictions depending on the existence and/or nature of any donor restrictions. Contributions are recognized when the donor makes a promise to give to The Marshall Project, that is, in substance, unconditional. Conditional promises to give, that have a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met.

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

The Marshall Project uses the allowance method to determine uncollectible promises to give. The allowance is based on prior years' experience and management's analysis of specific promises made.

f - Property and Equipment

Purchased property and equipment are recorded at cost and are being depreciated using the straight-line method over the estimated useful life of the asset. The Marshall Project's policy is to capitalize purchases of over \$1,000 that have a useful life of more than a year.

g - Revenue Recognition

The Marshall Project has other earned revenue which are accounted for as exchange transactions, consisting of fees received under agreements for certain projects. Revenue received pursuant to these agreements is recognized when articles are published or other project deliverables are completed.

h - Rent Expense

Rent expense is recorded on a straight-line basis over the life of the lease. The difference between the straight-line amount and the amount actually paid during the year is recorded as a liability and an expense in the accompanying financial statements.

THE MARSHALL PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

Note 1 - Organization and Summary of Significant Accounting Policies (continued)

i - Financial Statement Presentation

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States, which require The Marshall Project to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets Without Donor Restrictions

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of The Marshall Project. These net assets may be used at the discretion of The Marshall Project's management and Board of Directors.

Net Assets With Donor Restrictions

Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions may be temporary in nature; those restrictions will be met by actions of The Marshall Project or the passage of time. Other donor restrictions may be perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

j - Functional Allocation of Expenses

The cost of providing the various programs and supporting services has been summarized on a functional basis in the statement of activities. Expenses are allocated directly to programs, where applicable, on a reasonable and consistent basis. A substantial portion of The Marshall Project's expenses are directly related to program activities. Certain other expenses are attributable to more than one program or supporting function and require allocation. Salaries, payroll taxes and employee benefits, occupancy, office supplies, insurance expense, and depreciation are allocated based on an estimate of employee time and effort.

k - Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

l - Tax Status

The Marshall Project, Inc. is a not-for-profit corporation exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been designated as an organization which is not a private foundation.

THE MARSHALL PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

Note 1 - Organization and Summary of Significant Accounting Policies (continued)

m - Subsequent Events

The Marshall Project has evaluated subsequent events through March 14, 2023, the date that the financial statements are considered available to be issued.

n - New Accounting Standards

For 2022, The Marshall Project adopted Accounting Standards Update (“ASU”) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires nonprofit entities to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. The standard also increases the disclosure requirements around contributed nonfinancial assets, including disaggregating by category the types of contributed nonfinancial assets a nonprofit entity has received. Adoption of this standard did not have a significant impact on the financial statements, with the exception of increased disclosure.

In February 2016, the FASB issued ASU 2016-02, *Leases (“Topic 842”)*. The core principles of ASU 2016-02 change the way organizations will account for their leases by recognizing lease assets and related liabilities on the statement of financial position for all leases with terms longer than twelve months and disclosing key information about leasing arrangements. ASU 2016-02 is effective for fiscal years beginning after December 15, 2021. The Marshall Project is currently evaluating the impact of ASU 2016-02 on its financial statements.

Note 2 - Information Regarding Liquidity and Availability

The Marshall Project operates with a balanced budget for each fiscal year based on the revenues expected to be available to fund anticipated expenses. A substantial portion of annual revenue is comprised of contribution revenue raised during the current year, and revenue from other sources earned during the year. The Marshall Project considers general expenditures to consist of all expenses related to its ongoing program activities, and the expenses related to general and administrative and fundraising activities undertaken to support those services.

The Marshall Project regularly monitors liquidity to meet its operating needs and other commitments and obligations, while seeking to maximize the investment of its available funds. Management prepares regular cash flow projections to determine liquidity needs, and has a policy to maintain liquid financial assets on an ongoing basis to cover ninety days of general expenditures.

THE MARSHALL PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

Note 2 - Information Regarding Liquidity and Availability (continued)

The Marshall Project's financial assets as of June 30, 2022 and 2021 available to meet cash needs for general expenditures within one year are summarized as follows:

	<u>2022</u>	<u>2021</u>
Financial Assets at Year End:		
Cash and cash equivalents	\$11,074,723	\$11,115,665
Certificates of deposit	3,000,000	-
Accounts receivable (included in other assets)	10,357	-
Unconditional promises to give	<u>4,508,461</u>	<u>2,949,734</u>
Total Financial Assets	18,593,541	14,065,399
Less: Amounts not Available to be Used within One Year:		
Net assets with donor restrictions, subject to expenditure for specific purposes or passage of time	(5,776,474)	(3,261,400)
Plus: Net assets with donor restrictions expected to be met in less than one year	4,127,804	2,274,872
Net assets without donor restrictions, subject to Board appropriation	<u>(3,751,576)</u>	<u>(1,048,544)</u>
Financial Assets Available to Meet General Expenditures within One Year	<u>\$13,193,295</u>	<u>\$12,030,327</u>

In addition to these financial assets available within one year, The Marshall Project maintains board designated reserve funds of \$3,751,576 as of June 30, 2022, which are invested for short-term appreciation and maintained for specific purposes. However, these amounts could be made available at any time to meet cash needs for general expenditures at the discretion of the Board.

Note 3 - Restrictions and Designations of Net Assets

a - Board Designated Reserves

The Marshall Project established a board designated reserve to maintain funds without donor restrictions in a separate reserve account in an amount equal to approximately 10% of the annual operating budget. At June 30, 2022 and 2021, this reserve balance was \$1,136,576 and \$933,544, respectively.

A capital reserve fund was also established during the year ended June 30, 2019, and was initially funded with a \$115,000 deposit. The capital reserve fund will be used for large, one-time expenses that will not otherwise appear on a regular basis in the operating budget.

THE MARSHALL PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

Note 3 - Restrictions and Designations of Net Assets (continued)

a - Board Designated Reserves (continued)

During the year ended June 30, 2022, The Marshall Project established a board designated growth fund with an initial deposit of \$2.5 million from its undesignated net assets without donor restrictions. These funds will be used to catalyze The Marshall Project's expansion.

b - Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes:

	<u>2022</u>	<u>2021</u>
Subject to expenditure for specific purpose:		
Newsroom	\$ 638,455	\$1,849,288
Fellowship	22,726	149,627
Expansion	268,857	50,000
Spanish Translation	-	29,872
Cleveland	<u>1,117,975</u>	<u>25,000</u>
	2,048,013	2,103,787
Subject to passage of time	<u>3,728,461</u>	<u>1,157,613</u>
Total Net Assets With Donor Restrictions	<u>\$5,776,474</u>	<u>\$3,261,400</u>

Note 4 - Unconditional Promises to Give

Unconditional promises to give as of June 30, 2022 and 2021 are due as follows:

	<u>2022</u>	<u>2021</u>
Due within one year	\$3,440,500	\$2,247,500
Due in one to three years	<u>1,133,000</u>	<u>745,000</u>
	4,573,500	2,992,500
Less: Discount to present value	<u>(65,039)</u>	<u>(42,766)</u>
	<u>\$4,508,461</u>	<u>\$2,949,734</u>

Unconditional promises to give which are due after one year are discounted to net present value using a 3% discount rate. Uncollectible promises to give are expected to be insignificant.

THE MARSHALL PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

Note 5 - Property and Equipment

Property and equipment at June 30, 2022 and 2021 consists of the following:

	<u>Life</u>	<u>2022</u>	<u>2021</u>
Furniture and fixtures	5 years	\$ -	\$105,598
Computers	3 years	106,145	233,537
Website	3 years	77,589	77,589
Leasehold improvements	5 years	<u>-</u>	<u>44,281</u>
		183,734	461,005
Less: Accumulated depreciation		<u>(108,744)</u>	<u>(400,801)</u>
Total		<u>\$ 74,990</u>	<u>\$ 60,204</u>

Note 6 - Concentrations

- a - The Marshall Project maintains its cash and cash equivalents balances in one financial institution. Balances, at times, may exceed federally insured limits.
- b - The Marshall Project received approximately 26% of its total revenue and support from two donors for the year ended June 30, 2022. For the year ended June 30, 2021, approximately 40% of total revenue and support was received from two donors.

Approximately 66% of unconditional promises to give was due from three donors as of June 30, 2022. As of June 30, 2021, approximately 62% of unconditional promises to give was due from three donors.

Note 7 - Donated Services

For the years ended June 30, 2022 and 2021, The Marshall Project received donated legal services of \$272,327 and \$299,191, respectively, in connection with its administrative supporting services. The value of the donated legal services was provided by the service provider, who estimates fair value based on current market rates for similar services.

THE MARSHALL PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

Note 8 - Loan Payable

In April 2020, The Marshall Project received a \$749,000 Paycheck Protection Program loan with an interest rate of 0.98% and a maturity of two years. The loan and any accrued interest was eligible to be forgiven in its entirety if the loan proceeds were applied towards applicable payroll and occupancy costs, as defined by the Coronavirus Aid, Relief and Economic Security Act. In June 2021, The Marshall Project was notified that the loan was fully forgiven, and accordingly recognized \$749,000 as income during the year ended June 30, 2021.

Note 9 - Commitments

- a - The Marshall Project occupied office space under a lease agreement with a term that commenced in April 2015 and was extended through June 30, 2022. The Marshall Project moved to a new space with the lease term from June 1, 2022 through August 31, 2023.

The future minimum annual obligation under its lease agreement is as follows:

Year ending June 30, 2023	\$132,000
Thereafter, through August 31, 2023	24,000

The Marshall Project also leases office space at one location under an agreement which provides for rent to be paid on a month to month basis and that is cancellable upon 30 days' notice.

Rent expense under these leases was \$436,255 and \$440,205 for the years ended June 30, 2022 and 2021, respectively.

- b - The Marshall Project maintains a defined contribution pension plan for all eligible employees. The plan provided for employees to make voluntary contributions to the plan, subject to statutory limitations. The plan also provides for a matching contribution of up to 4% of an employee's eligible compensation, and a 4% safe harbor employer contribution for all eligible employees. Expense under this plan for the years ended June 30, 2022 and 2021 was \$217,694 and \$184,216, respectively.