



ELECTRONIC PRIVACY INFORMATION CENTER

FINANCIAL STATEMENTS

DECEMBER 31, 2024

ELECTRONIC PRIVACY INFORMATION CENTER

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Independent Auditor's Report

Board of Directors
Electronic Privacy Information Center
Washington, D.C.

Opinion

We have audited the accompanying financial statements of Electronic Privacy Information Center (EPIC), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Electronic Privacy Information Center as of December 31, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 EPIC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 EPIC's ability to continue as a going concern within one year after the date that the 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 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 from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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 EPIC'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 EPIC'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.

Report on Summarized Comparative Information

We have previously audited EPIC's 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 23, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Councilor, Buchanan + Mitchell, P.C.

Bethesda, Maryland
August 20, 2025

Certified Public Accountants

ELECTRONIC PRIVACY INFORMATION CENTER

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2024

(WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2023)

	<u>2024</u>	<u>2023</u>
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 122,845	\$ 712,981
Investments	551,866	1,392,061
Grants and Contributions Receivable	447,148	131,279
Awards Receivable	276,000	-
Accrued Interest	6,396	9,912
Prepaid Expenses	434	603
Deposits	<u>-</u>	<u>18,600</u>
Total Current Assets	1,404,689	2,265,436
Awards Receivables, Net of Current Portion	591,297	-
Fixed Assets		
Land	1,339,779	1,339,779
Building	2,009,669	2,009,669
Building Improvements	800,579	800,579
Website	149,224	149,224
Furniture and Equipment	<u>148,906</u>	<u>148,906</u>
Total Fixed Assets	4,448,157	4,448,157
Less Accumulated Depreciation	<u>(667,675)</u>	<u>(518,259)</u>
Fixed Assets, Net	<u>3,780,482</u>	<u>3,929,898</u>
Total Assets	<u>\$ 5,776,468</u>	<u>\$ 6,195,334</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable and Accrued Expenses	\$ 63,815	\$ 45,643
Loan Payable	<u>80,817</u>	<u>77,268</u>
Total Current Liabilities	144,632	122,911
Loan Payable, Net of Current Portion	<u>1,416,128</u>	<u>1,500,997</u>
Total Liabilities	1,560,760	1,623,908
Net Assets		
Without Donor Restrictions	4,012,279	4,496,426
With Donor Restrictions	<u>203,429</u>	<u>75,000</u>
Total Net Assets	<u>4,215,708</u>	<u>4,571,426</u>
Total Liabilities and Net Assets	<u>\$ 5,776,468</u>	<u>\$ 6,195,334</u>

See accompanying Notes to Financial Statements.

ELECTRONIC PRIVACY INFORMATION CENTER

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2024 (WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2023)

	Without Donor Restrictions	With Donor Restrictions	2024 Total	2023 Total
Revenues				
Grants and Contributions	\$ 1,216,023	\$ 357,600	\$ 1,573,623	\$ 3,066,401
Awards	1,373,212	-	1,373,212	594,511
Program Services Fees	22,373	-	22,373	55,000
Other Income	12,578	-	12,578	-
Publications	164	-	164	597
Interest Income	53,669	-	53,669	59,972
Net Assets Released from Restrictions	229,171	(229,171)	-	-
Total Revenues	2,907,190	128,429	3,035,619	3,776,481
Expenses				
Program Services	2,864,119	-	2,864,119	2,743,783
Management and General	226,582	-	226,582	269,687
Fundraising	277,436	-	277,436	297,247
Total Expenses	3,368,137	-	3,368,137	3,310,717
Change in Net Assets from Operations	(460,947)	128,429	(332,518)	465,764
Net Investment (Loss) Income	(23,200)	-	(23,200)	94,762
Change in Net Assets	(484,147)	128,429	(355,718)	560,526
Net Assets, Beginning of Year	4,496,426	75,000	4,571,426	4,010,900
Net Assets, End of Year	\$ 4,012,279	\$ 203,429	\$ 4,215,708	\$ 4,571,426

See accompanying Notes to Financial Statements.

ELECTRONIC PRIVACY INFORMATION CENTER

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2024 (WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2023)

	Program Services	Management and General	Fundraising	2024 Total	2023 Total
Salaries	\$ 1,820,071	\$ 146,917	\$ 113,758	\$ 2,080,746	\$ 2,037,789
Payroll Taxes	147,033	12,059	8,391	167,483	159,033
Employee Benefits	323,228	25,746	19,492	368,466	339,371
Professional Fees	132,421	10,689	41,627	184,737	165,553
Occupancy	32,724	2,642	2,045	37,411	34,874
Dues and Subscriptions	41,202	3,326	2,575	47,103	45,896
Depreciation	130,698	10,549	8,169	149,416	163,617
Licenses and Permits	11,341	-	-	11,341	10,258
Postage and Delivery	4,304	347	269	4,920	4,082
Property Taxes	35,704	2,882	2,232	40,818	40,664
Office Supplies	30,923	2,298	1,793	35,014	44,711
Printing and Reproduction	8,192	661	512	9,365	14,105
Public Voice	7,058	-	-	7,058	7,647
Telephone	28,188	2,275	1,762	32,225	29,361
Interest Expense	62,111	5,014	3,882	71,007	75,765
Travel and Conferences	48,921	1,177	70,929	121,027	137,991
Total Expenses	\$ 2,864,119	\$ 226,582	\$ 277,436	\$ 3,368,137	\$ 3,310,717

See accompanying Notes to Financial Statements.

ELECTRONIC PRIVACY INFORMATION CENTER

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2024
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2023)**

	<u>2024</u>	<u>2023</u>
Cash Flows from Operating Activities		
Change in Net Assets	\$ (355,718)	\$ 560,526
Adjustments to Reconcile Change in Net Assets to Net Cash (Used in) Provided by Operating Activities		
Depreciation	149,416	163,617
Net Investment Loss (Gain)	23,200	(94,762)
Proceeds from Sale of Donated Stock	-	1,326,513
<u>(Increase) Decrease in Assets</u>		
Accounts Receivable	-	4,214
Grants and Contributions Receivable	(315,869)	(91,509)
Awards Receivable	(867,297)	-
Accrued Interest	3,516	(9,912)
Prepaid Expenses	169	(21)
Deposits	18,600	15,160
<u>Increase (Decrease) in Liabilities</u>		
Accounts Payable and Accrued Expenses	18,172	3,275
Refundable Advance	-	(847)
	<u>(1,325,811)</u>	<u>1,876,254</u>
Net Cash (Used in) Provided by Operating Activities	(1,325,811)	1,876,254
Cash Flows from Investing Activities		
Purchase of Fixed Assets	-	(6,950)
Purchase of Investments	-	(2,656,215)
Sales of Investments	816,995	623,044
	<u>816,995</u>	<u>623,044</u>
Net Cash Provided by (Used in) Investing Activities	816,995	(2,040,121)
Cash Flows from Financing Activities		
Payments on Loan Payable	(81,320)	(77,893)
	<u>(81,320)</u>	<u>(77,893)</u>
Net Cash Used in Financing Activities	(81,320)	(77,893)
Net Decrease in Cash and Cash Equivalents	(590,136)	(241,760)
Cash and Cash Equivalents, Beginning of Year	712,981	954,741
Cash and Cash Equivalents, End of Year	<u>\$ 122,845</u>	<u>\$ 712,981</u>
Supplementary Disclosure of Cash Flow Information		
Cash Paid during the Year for Interest	\$ 71,007	\$ 75,765

See accompanying Notes to Financial Statements.

ELECTRONIC PRIVACY INFORMATION CENTER

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2024

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Electronic Privacy Information Center (EPIC) is a nonprofit organization incorporated under the laws of the District of Columbia on March 16, 2001. EPIC is a public interest research center and its purpose is to focus public attention on emerging civil liberties issues and to protect privacy, freedom of expression and constitutional values. EPIC pursues a wide range of activities including policy research, public education, conferences, litigation, publications and advocacy.

The operations of EPIC are primarily funded by awards, and grants and contributions.

Basis of Accounting

EPIC has presented its financial statements in accordance with accounting principles generally accepted in the United States of America.

Financial Statement Presentation

EPIC has presented its financial statements in accordance with accounting principles generally accepted in the United States of America. Under those principles, EPIC is required to report information regarding its financial position and activities according to two classes of net assets:

- *Net Assets Without Donor Restrictions* - resources that are available for general operations and resources designated by EPIC's Board of Directors for approved expenditures. As of December 31, 2024, EPIC did not have any Board designated funds.
- *Net Assets With Donor Restrictions* - resources that are subject to donor-imposed restrictions. Restrictions expire either by passage of time or fulfillment of purpose by actions of EPIC.

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 the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. Actual results could differ from those estimates.

Income Taxes

EPIC is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code) and has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Code.

EPIC requires that a tax position be recognized or derecognized based on a "more-likely-than-not" threshold. This applies to positions taken or expected to be taken in a tax return. EPIC does not believe its financial statements include, or reflect, any uncertain tax positions.

EPIC's Form 990, *Return of Organization Exempt from Income Tax*, is subject to examination by the Internal Revenue Service generally for three years after filing.

ELECTRONIC PRIVACY INFORMATION CENTER

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and other highly liquid instruments with initial maturities of less than three months when purchased.

Investments

Investments are carried at fair market value based on quoted market prices and published unit value, or from readily-available sources for comparative instruments.

Grants and Contributions Receivable

Grants and contributions receivable consist primarily of unconditional promises from donors that were not received by EPIC prior to year end. Grants and contributions receivable are considered to be fully collectible by management. Accordingly, no allowance for doubtful accounts has been established.

Awards Receivable

Awards receivable consists of funds awarded to EPIC from Cy Pres awards that have not been received by year end. Awards receivable are considered to be fully collectible by management. Accordingly, an allowance for doubtful accounts has not been established. Awards receivable to be collected in future years are discounted to their net present value using the applicable interest rate if such discount would be material. Present value discounts are amortized over the life of the award.

Deposits

Deposits consist of cash payments made by the end of the year for meeting expenses that will take place in a future period.

Fixed Assets

EPIC capitalizes all property and equipment acquisitions in excess of \$200. Property and equipment are recorded at cost, if purchased, or at fair value, at date of donation, if contributed. Depreciation of property and equipment is provided using the straight-line method over the estimated life of the asset. Maintenance and repairs are charged to expense as incurred.

Revenue Recognition

Grants and contributions are recognized when a donor makes an unconditional promise to give. EPIC reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. Donor-restricted grants and contributions for which the restrictions are met in the year received are considered support without donor restrictions for financial statement purposes. When a donor restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

ELECTRONIC PRIVACY INFORMATION CENTER

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2024

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Conditional grants and contributions are not recorded as revenue until the related conditions have been satisfied. Amounts received for conditional grants and contributions are reported as a refundable advance until the conditions have been substantially met or explicitly waived by the donor.

Awards fees are recognized as revenue at a point in time when there is a final court order indicating a specific payment amount is due to EPIC.

Program services fees consist of attorney fees and other litigation costs received in connection with litigation cases involving privacy issues, and are recognized as revenue at the point in time when a final court order specifies that a payment amount is due to EPIC.

Bequests are recognized at the time an unassailable right to the gift has been established and proceeds are measurable. EPIC is one of the remainder beneficiaries of an irrevocable trust.

Donated Assets

Donated stock and other noncash donations are recorded as contributions at their fair values at dates of donation.

Allocation of Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. 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, but are not limited to, depreciation, office supplies, occupancy, salaries, and benefits. All of these shared costs are allocated based on salary percentages. Salary percentages are determined on the basis of estimates of time and effort.

2. LIQUIDITY AND AVAILABILITY OF RESOURCES

EPIC's cash flows have seasonal variations due to the timing of grants and contributions, program service fees, and vendor payments. EPIC manages its liquidity to meet general expenditures, liabilities, and other obligations as they become due. Excess cash flows not needed for day-to-day operations are invested in short-term investments.

The following reflects EPIC's financial assets as of December 31, 2024, reduced by amounts not available for general operating purposes in the year ended December 31, 2025:

Total Assets	\$ 5,776,468
Less Amounts Not Available for General Operating Expenditures	
Prepaid Expenses	(434)
Fixed Assets, Net	(3,780,482)
Long-Term Awards Receivable	(591,297)
Donor Restricted Net Assets	<u>(203,429)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures within One Year	<u>\$ 1,200,826</u>

ELECTRONIC PRIVACY INFORMATION CENTER

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2024

3. RETIREMENT PLAN

EPIC maintains a Pooled Employer 401K Plan (the Plan). Employees who have attained age 21 and have one year of service with a minimum of 1,000 working hours per year are eligible to participate in the Plan. EPIC makes discretionary nonelective profit sharing contributions to the Plan. In addition, EPIC has adopted a qualified automatic “safe harbor” matching contribution. Employees are eligible to receive an employer safe harbor matching contribution equal to 100% of the employee’s elective contributions to the Plan that do not exceed 1% of their compensation plus 50% of the employee’s contributions that exceed 1% but do not exceed 6% of their compensation. The total matching contribution under the Plan for the year ended December 31, 2024, was approximately \$58,000.

4. CONCENTRATION AND CREDIT RISK

EPIC maintains a bank account at a financial institution located in Washington, D.C., which at times during the year exceeded the Federal Deposit Insurance Corporation limit. Management believes the risk in this situation to be minimal.

5. FAIR VALUE MEASUREMENTS

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels as follows:

Level 1 - inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets (examples include equity securities);

Level 2 - inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability other than quoted prices, either directly or indirectly, including inputs in markets that are not considered to be active (examples include corporate or municipal bonds);

Level 3 - inputs to the valuation methodology are unobservable and significant to the fair value measurement. The inputs into the determination of fair value require significant management judgment (examples include certain private equity securities).

Fair value of assets measured on a recurring basis at December 31, 2024, are as follows:

	Fair Value	Level 1	Level 2	Level 3
Bond Funds	\$ 551,866	\$ -	\$ 551,866	\$ -
Total	<u>\$ 551,866</u>	<u>\$ -</u>	<u>\$ 551,866</u>	<u>\$ -</u>

6. AWARDS RECEIVABLE

Awards receivable, and the discount to present value at December 31, 2024, are summarized as follows:

Awards Receivable	\$ 276,000
Awards Receivable Due in One to Two Years	<u>635,000</u>
Total Awards Receivable	911,000
Discount on Present Value	<u>(43,703)</u>
Net Awards Receivables	<u>\$ 867,297</u>

ELECTRONIC PRIVACY INFORMATION CENTER

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

6. AWARDS RECEIVABLE (CONTINUED)

Awards receivable due in more than one year are reflected at the net present value of estimated future cash flows using a discount rate of 5%.

7. NET ASSETS WITH DONOR RESTRICTIONS

As of December 31, 2024, net assets with donor restrictions were available for the following purpose.

<u>Purpose</u>	<u>Amount</u>
Fellowship Program	\$ 25,626
Data Protection	177,803
Total Net Assets With Donor Restrictions	<u>\$ 203,429</u>

During the year ended December 31, 2024, net assets were released from restrictions as follows:

<u>Purpose</u>	<u>Amount</u>
Fellowship Program	\$ 78,974
Advocacy and Education	75,000
Data Protection	75,197
Total Net Assets Released from Donor Restrictions	<u>\$ 229,171</u>

8. LOAN PAYABLE

During 2019, EPIC entered into a \$2,000,000 loan with a commercial bank to finance part of the cost of an office building. The loan bears interest at 4.50% per year. The loan is secured by a deed of trust dated June 26, 2019, on the real property. The loan requires monthly payments of \$12,653 with the remaining balance due at maturity on June 26, 2029. The balance outstanding as of December 31, 2024, was approximately \$1,497,000.

The future scheduled payments due on the loan payable are as follows:

For the Years Ending December 31,

2025	\$ 80,817
2026	84,530
2027	88,413
2028	92,475
2029	96,723
Thereafter	1,053,987
Total	<u>\$ 1,496,945</u>

9. SUBSEQUENT EVENTS

Subsequent events were evaluated through August 20, 2025, which is the date the financial statements were available to be issued.