

*Frye & Company, CPAs*

**LIBERTARIAN NATIONAL COMMITTEE, INC.  
(THE LIBERTARIAN PARTY)**



**AUDITED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2022**

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**INDEPENDENT AUDITORS' REPORT  
ON FINANCIAL STATEMENTS**

To the Board of Directors  
Libertarian National Committee, Inc.  
Alexandria, Virginia

***Opinion***

We have audited the accompanying financial statements of Libertarian National Committee, which comprise the statement of financial position as of December 31, 2022, and the related statements of activities and changes in net assets, 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 Libertarian National Committee as of December 31, 2022, and the changes in 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 the Libertarian National Committee 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.

***Responsibility of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of these 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.

To the Board of Directors  
Libertarian National Committee, Inc.

***Responsibility of Management for the Financial Statements – Continued***

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 Libertarian National Committee'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. Misstatements, including omissions, 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 Libertarian National Committee'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 Libertarian National Committee'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.

To the Board of Directors  
Libertarian National Committee, Inc.

***Report on Summarized Comparative Information***

We have previously audited the Libertarian National Committee's financial statements as of and for the year ended December 31, 2021, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 22, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.



***Frye & Company, CPAs***  
**Manassas, Virginia**  
**August 15, 2023**

**LIBERTARIAN NATIONAL COMMITTEE, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2022**  
**(WITH 2021 COMPARATIVE TOTALS)**

	<b>2022</b>	<b>2021</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 255,395	\$ 297,366
Bequests receivable, net	-	-
Prepaid expenses and other	13,098	21,038
Property and equipment:		
Land	347,881	347,881
Building and improvements	547,638	547,638
Furniture and equipment	42,675	42,675
Computer equipment	36,449	36,449
Computer software	134,614	134,614
Property and equipment, at cost	1,109,257	1,109,257
Accumulated depreciation	(329,700)	(293,669)
Property and equipment, net	779,557	815,588
<b>Total Assets</b>	<b>\$ 1,048,050</b>	<b>\$ 1,133,992</b>
 <b>Liabilities and Net Assets</b>		
Liabilities		
Unsecured lines of credit	\$ -	\$ -
Accounts payable and accrued expenses	4,264	41,279
Accrued salaries and related benefits	19,863	35,922
Accrued vacation	22,069	26,922
Deferred registrations	-	100,720
Mortgage payable	-	-
Total liabilities	46,196	204,843
Net Assets		
Without donor restrictions	994,195	843,303
With donor restrictions	7,659	85,846
Total net assets	1,001,854	929,149
<b>Total Liabilities and Net Assets</b>	<b>\$ 1,048,050</b>	<b>\$ 1,133,992</b>

See accompanying auditors' report and notes to financial statements.

**LIBERTARIAN NATIONAL COMMITTEE, INC.**

**STATEMENT OF ACTIVITIES  
& CHANGES IN NET ASSETS**

**YEAR ENDED DECEMBER 31, 2022  
(WITH 2021 COMPARATIVE TOTALS)**

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	
<b>Revenue and Support</b>				
Contributions and membership	\$ 1,502,186	\$ 23,069	\$ 1,525,255	\$ 1,945,592
Convention and other events	528,266	-	528,266	113,197
Political campaign materials	18,525	-	18,525	29,287
Sponsorships and classifieds	11,496	-	11,496	20,150
Interest and dividends	-	-	-	-
Net assets released from restrictions:				
Building, legal, and other funds	101,256	(101,256)	-	-
Total revenue and support	2,161,729	(78,187)	2,083,542	2,108,226
<b>Expense</b>				
Program services:				
Candidate and campaign programs	337,934	-	337,934	342,780
Communications and membership	321,527	-	321,527	432,869
Conventions and events	317,901	-	317,901	17,525
Ballot access	166,232	-	166,232	82,709
Special projects and other programs	144,580	-	144,580	147,321
Affiliate support	104,610	-	104,610	130,085
Total program services	1,392,784	-	1,392,784	1,153,289
Supporting services:				
Management and general	267,476	-	267,476	309,266
Fundraising and donor acquisition	350,577	-	350,577	576,707
Total supporting services	618,053	-	618,053	885,973
Total expense	2,010,837	-	2,010,837	2,039,262
<b>Changes in Net Assets</b>	150,892	(78,187)	72,705	68,964
Net assets, beginning of year	843,303	85,846	929,149	860,185
<b>Net Assets, End of Year</b>	<u>\$ 994,195</u>	<u>\$ 7,659</u>	<u>\$ 1,001,854</u>	<u>\$ 929,149</u>

See accompanying auditors' report and notes to financial statements.

LIBERTARIAN NATIONAL COMMITTEE, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2022  
(WITH 2021 COMPARATIVE TOTALS)

2022

	Program Services					Total			Supporting Services			Total	
	Candidate & Campaign	Communications & Membership	Conventions & Events	Ballot Access	Special Projects & Other	Affiliate Support	Program Services	Management & General	Fundraising & Acquisition	Supporting Services	Total	2021	2021
Expenses	\$ 321,513	\$ -	\$ 243,425	\$ 152,443	\$ -	\$ 64,607	\$ 781,988	\$ -	\$ -	\$ -	\$ 781,988	\$ 40,933	\$ 40,933
Direct program expenses	8,795	136,096	39,888	7,385	60,719	21,425	274,308	142,808	74,468	217,276	491,584	497,223	497,223
Salaries and wages	-	67,423	-	-	31,213	-	98,636	-	211,538	211,538	310,174	1,072,299	1,072,299
Other program expenses	2,191	33,906	9,938	1,840	15,127	5,338	68,340	35,578	18,553	54,131	122,471	123,611	123,611
Professional fees	1,357	20,991	6,152	1,139	9,365	3,304	42,308	22,026	11,486	33,512	75,820	74,699	74,699
Computer expenses	948	14,669	4,299	796	6,544	2,309	29,565	15,392	8,026	23,418	52,983	47,052	47,052
Employee benefits	660	10,205	2,991	554	4,553	1,607	20,570	10,709	5,584	16,293	36,863	38,878	38,878
Employer payroll taxes	645	9,975	2,924	541	4,451	1,570	20,106	10,467	5,458	15,925	36,031	36,921	36,921
Depreciation and amortization	498	7,703	2,258	418	3,437	1,213	15,527	8,083	4,215	12,298	27,825	25,862	25,862
Travel and meetings	490	7,624	2,234	416	3,398	1,202	15,364	8,002	4,171	12,173	27,537	31,319	31,319
Occupancy expense	249	3,859	1,131	209	1,722	608	7,778	4,050	2,112	6,162	13,940	11,328	11,328
Insurance expense	168	2,593	760	141	1,157	408	5,227	2,721	1,419	4,140	9,367	10,021	10,021
Telephone and data services	133	2,053	602	111	916	323	4,138	2,154	1,123	3,277	7,415	8,949	8,949
Postage and shipping	89	1,371	402	74	612	216	2,764	1,438	750	2,188	4,952	4,531	4,531
Printing and reproduction	77	1,185	347	64	529	186	2,388	1,243	648	1,891	4,279	6,386	6,386
Office supplies and materials	60	925	271	50	413	145	1,864	970	506	1,476	3,340	3,872	3,872
Bank fees and interest	48	745	219	40	333	117	1,502	782	408	1,190	2,692	2,548	2,548
Payroll processing fees	-	-	-	-	-	-	-	839	-	839	839	2,113	2,113
Contractors and interns	13	204	60	11	91	32	411	214	112	326	737	717	717
Equipment maintenance													
<b>2022 Total Expenses</b>	<b>\$ 337,934</b>	<b>\$ 321,527</b>	<b>\$ 317,901</b>	<b>\$ 166,232</b>	<b>\$ 144,580</b>	<b>\$ 104,610</b>	<b>\$ 1,392,784</b>	<b>\$ 267,476</b>	<b>\$ 350,577</b>	<b>\$ 618,053</b>	<b>\$ 2,010,837</b>	<b>\$ 2,039,262</b>	<b>\$ 2,039,262</b>
<b>2021 Total Expenses</b>	<b>\$ 342,780</b>	<b>\$ 432,869</b>	<b>\$ 17,525</b>	<b>\$ 82,709</b>	<b>\$ 147,321</b>	<b>\$ 130,085</b>	<b>\$ 1,153,289</b>	<b>\$ 309,266</b>	<b>\$ 576,707</b>	<b>\$ 885,973</b>	<b>\$ 2,010,837</b>	<b>\$ 2,039,262</b>	<b>\$ 2,039,262</b>

See accompanying auditors' report and notes to financial statements.



**LIBERTARIAN NATIONAL COMMITTEE, INC.**

**STATEMENT OF CASH FLOWS**

**YEAR ENDED DECEMBER 31, 2022  
(WITH 2021 COMPARATIVE TOTALS)**

	<b>2022</b>	<b>2021</b>
<b>Cash Provided (Used) by Operating Activities</b>		
Changes in net assets	\$ 72,705	\$ 68,964
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	36,031	36,921
Changes in assets and liabilities:		
Bequests receivable	-	23,383
Prepaid expenses and other	7,940	(16,138)
Accounts payable and accrued expenses	(37,015)	16,905
Accrued salaries and related benefits	(16,059)	15,754
Accrued vacation	(4,853)	488
Deferred registrations	(100,720)	98,751
Total adjustments	(114,676)	176,064
Net cash provided (used) by operating activities	(41,971)	245,028
<b>Cash Provided (Used) by Investing Activities</b>		
Purchases of property and equipment	-	(13,648)
Net cash provided (used) by investing activities	-	(13,648)
<b>Cash Provided (Used) by Financing Activities</b>		
Principal advances on lines of credit	288,629	353,283
Principal repayments on lines of credit	(288,629)	(353,283)
Principal payments on mortgage payable	-	(27,172)
Net cash provided (used) by financing activities	-	(27,172)
<b>Net Increase in Cash and Cash Equivalents</b>	(41,971)	204,208
Cash and cash equivalents, beginning of year	297,366	93,158
<b>Cash and Cash Equivalents, End of Year</b>	\$ 255,395	\$ 297,366
<b>Supplemental Cash Flows Information:</b>		
Cash paid for income taxes	\$ -	\$ -
Cash paid for interest	\$ 279	\$ 69

**See accompanying auditors' report and notes to financial statements.**

## **LIBERTARIAN NATIONAL COMMITTEE, INC.**

### **NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2022**

#### **Note A – Organization & Nature of Activities**

Organization: The Libertarian National Committee, Inc. (the Committee) was founded in 1971 as a national, tax-exempt political organization which is the operational arm of the Libertarian Party, a grassroots political organization. The Committee was incorporated in February 1995 and its affairs are directed by its National Board of Directors, who are elected by delegates biennially at the national convention. The Committee, with the consent of the delegates, also establishes the platform of the Libertarian Party, which is based upon the basic premises of civil liberties and personal freedom, a free-market economy, free trade, and a foreign policy of non-intervention and peace. The Committee has approximately 16,000 contributing members.

Programs: The Committee's program activities consist of affiliate support, which comprises developing or supporting state and county affiliate parties; ballot access, which comprises getting candidates on ballots and includes corresponding lawsuits required to accomplish such; brand development, which is the process of developing an image in the minds of voters; campus outreach, which represents campus recruiting and support groups; candidate support, which comprises recruiting and supporting candidates with their electoral ambitions; litigation support, which includes proactive lawsuits to change public policy, other than ballot access; lobbying, which includes efforts to persuade legislators to change laws, including ballot access laws; media relations, which consists of direct communication with the media; member communications, which is comprised of the Libertarian Party News periodical and other member communications; outreach, which includes initiatives to reach the general public and outside groups; and voter registration, which consist of voter registration campaign initiatives.

#### **Note B - Summary of Significant Accounting Policies**

Basis of Accounting and Presentation: The Committee prepares its financial statements on the accrual basis of accounting. Consequently, revenue is recognized when earned and expenses when obligations are incurred. The financial statements include certain prior-year summarized comparative information in total and not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Committee's financial statements as of and for the year ended December 31, 2021, from which the summarized information was derived. Certain prior year information was reclassified to adhere with the current financial statement presentation.

Income Tax Status: The Committee is recognized as a tax-exempt political organization under Section 527 of the Internal Revenue Code (IRC). Under IRC Section 527, the Committee's exempt functions include all activities that relate to and support the process of influencing or attempting to influence the selection, nomination, election, or appointment of any individual to a public or political office.

**LIBERTARIAN NATIONAL COMMITTEE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2022**

**Note B – Summary of Significant Accounting Policies – Continued**

Income Tax Status - Continued: Certain activities unrelated to the exempt purpose, such as net investment income, are subject to taxation. During the years ended December 31, 2022 and 2021, the Committee incurred no significant income tax expense on its net investment income, which was under the specific deduction amount of \$100 available on Form 1120-POL. Although the Committee has not received any notice of intent to examine its tax returns, the Committee's tax returns remain subject to examination by tax authorities pursuant to various statutes of limitation. The Committee is also subject to oversight by the Federal Election Commission.

Revenue Recognition: Contributions and donations and bequests and legacies are recorded when received or when the unconditional promise-to-give is known at the earliest point determinable and measurable. They are recorded by the Committee as increases to its net assets without donor restrictions or to net assets with donor restrictions based upon the existence or lack of donor-imposed restrictions. Any restricted amounts received and release from restriction in the same reporting period are reported as net assets without donor restrictions. Restricted resources from prior years in which the Committee meets the donor's restriction during the current year are reflected as net assets released from restrictions. Donated goods or contributed services meeting the requirements for recognition under accounting principles generally accepted in the United States of America are reported at fair value at the time of donation. The Committee treats membership dues as contributions and donations in the accompanying financial statements given that members receive de minimis benefits in exchange for their dues. Revenue from contributions and donations are recognized at the earliest point an unconditional promise-to-give is both determinable and measurable. Revenue from conditional promises-to-give are recognized as the donor or grantor's conditions are substantially met. Revenue from any program service activities and conventions and events are recognized when earned.

Cash and Cash Equivalents: For financial statement presentation purposes, the Committee considers highly liquid debt instruments with maturities of three months or less, including money market funds, to be cash equivalents. The Committee periodically has cash balances in excess of federal insurance limits available for depository accounts.

Bequests Receivable: The Committee's bequests receivable consist of amounts due from decedent members' last wills and testaments. The most significant bequest pertains to a deceased member's unconditional promise-to-give the Committee a portion of the estate after liquidation of debts and payment of expenses. For bequests in excess of the annual contributions limits established by the Federal Election Commission (FEC) guidelines, the Committee may retain a trustee or escrow agent to hold the funds in trust for the benefit of the Committee. The trustee and escrow agent generally hold the funds in interest bearing accounts and annually release funds in amounts allowed by FEC rules and regulations. Any remaining funds held by the trustee or escrow agent are reported as bequests receivable. No significant bequests receivable were reported by the Committee as of December 31, 2022 and 2021.

**LIBERTARIAN NATIONAL COMMITTEE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2022**

**Note B – Summary of Significant Accounting Policies – Continued**

Bequests Receivable – Continued: Bequests receivables are reported at their net realizable value, which was determined by the Committee by initially discounting the initial bequest by an allowance for doubtful accounts and present value discount. Given the nature of the bequest and that the funds are being held in interest bearing accounts for the benefit of the Committee, the Committee determined that discounts for present value and collectability were unnecessary.

Prepaid Expenses and Other Assets: The Committee’s prepaid expenses and other assets consist principally of prepaid rent, insurance, licenses, promotional supplies, and refundable deposits.

Property and Equipment: The Committee capitalizes property and equipment acquisitions at cost or fair value at time of donation and depreciates these items using the straight-line method of depreciation over their estimated useful lives, which range from approximately 3 to 5 years for furniture, equipment, and software and 15 to 39 years for building and related improvements. Expenditures for repairs and maintenance that do not extend the useful life of an asset, consumable supplies, and de minimis items are expensed as incurred. Depreciation and amortization expense was approximately \$36,000 and \$36,900, respectively, for the years ended December 31, 2022 and 2021. No significant loss on the dispositions or impairment of property and equipment was reported by the Committee during the years ended December 31, 2022 and 2021.

Net Assets: The Committee classifies its net assets based upon the existence or lack of donor-imposed restrictions. When the Committee receives contributions that are restricted by the donor or limited as to their use and the Committee has not met the donor’s restriction by the end of the reporting year, then the Committee reports these amounts as net assets with donor restrictions. Restricted net assets in which the Committee has met the donor’s stipulations during the fiscal year are reflected as net assets released from restrictions in the accompanying financial statements. Any restricted amounts received and released from restriction in the same reporting period are reported as net assets without donor restrictions. The components of the Committee’s net assets are as follows:

- *Without donor restrictions* – Represents unrestricted resources that are available to support the Committee’s operations at the discretion of the Board of Directors and management.
- *With donor restrictions* – Represents amounts received and restricted by donors to support specific Committee programs and initiatives, such as the building fund, ballot access, candidacy initiatives, and college campus programs. Net assets with donor restrictions are released from restriction either by the passage of time or by the Committee meeting the donors’ stipulations. The Committee reported net assets with donor restrictions of approximately \$7,700 and \$85,800, respectively, as of December 31, 2022 and 2021, earmarked by the original donors for specific initiatives.

**LIBERTARIAN NATIONAL COMMITTEE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2022**

**Note B – Summary of Significant Accounting Policies – Continued**

Contributions and Donations: Contributions and donations are recognized at fair value in the period in which an unconditional promise-to-give is known or when a contribution is received, at the earliest point the contribution is both determinable and measurable by the Committee. Contributions are recognized as revenue and support without donor restrictions or with donor restrictions based upon the existence or lack of donor-imposed restrictions. Contributions and donations with donor-imposed restrictions in which the Committee has met the donor's stipulations are reflected as net assets released from restrictions. Revenue and support with donor restrictions in which the Committee met the donor-imposed restriction during the same fiscal year as the contribution are reflected as revenue and support without donor restrictions. Conditional promises-to-give are recognized when the conditions set forth by the donor are substantially met.

Intentions-to-Give: The Committee receives commitment cards from members who many times provide their credit card information for future contribution purposes. The members are generally making recurring contributions to the Committee and do not commit to a specific number of payments or period of time for which the Committee may charge the recurring gifts. The members may also decline the charges or request that the Committee cease making charges against their credit card at any time and completely at their discretion. The Committee treats these recurring contributions as intentions-to-give or conditional promises to give and as such, revenue is not recognized until the contribution is both determinable and measurable, which generally occurs when the credit card is processed and receipt received by the Committee.

Fair Value Measurements: The Committee established a reporting framework for measuring and disclosing fair value measurements. Fair value measurement disclosures are required for assets and liabilities measured and reported at fair value in the accompanying financial statements. The Committee determines fair value using a hierarchy based upon the lowest level of any input that is significant to the measurement with Level 3 being the lowest recognized level. The Committee attempts to maximize the use of observable inputs (Level 1 and 2) and minimize unobservable inputs (Level 3). Accordingly, the Committee would classify financial instruments measured at fair value in any of the following categories: Level 1, which refers to instruments traded in an active market, Level 2, which refers to instruments not traded on an active market but for which observable market inputs are readily available or Level 1 instruments where there is a contractual restriction, and Level 3, which refers to instruments not traded in an active market and for which no significant observable market inputs are available. As of December 31, 2022 and 2021, the Committee determined that no significant assets or liabilities were reported at fair value on a recurring basis in the accompanying financial statements. Disclosures about estimated fair values and fair value measurements were determined by the Committee based upon pertinent market data and other information available as of December 31, 2022 and 2021. Considerable judgment may be necessary to interpret market and financial data and to develop fair value measurements in certain circumstances. The Committee's estimates of fair value may not be indicative of amounts realized at disposition.

**LIBERTARIAN NATIONAL COMMITTEE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2022**

**Note B – Summary of Significant Accounting Policies – Continued**

Financial Instruments and Credit Risk: The Committee manages its concentration risk by placing its cash, savings, and money market accounts with financial institutions believed to be creditworthy. The Committee may periodically have cash balances in excess of federal depository insurance or hold funds in uninsured cash sweep or money market funds. To date, the Committee has not experienced any significant losses on these depository accounts. Credit risk associated with any contribution receivables or promises-to-give is considered to be limited due to historical collection rates and given the historical credit worthiness of the Committee’s customers and grantors, which include local jurisdictions, parents, and concerned citizens.

Advertising Costs: The Committee expenses advertising and fundraising costs as incurred. No significant advertising or fundraising costs were deferred as of December 31, 2022 and 2021 and no significant advertising costs were reported by the Committee during the years then ended.

Functional Allocation of Expenses: The Committee summarizes the cost of providing its various programs and activities on a functional basis in the accompanying financial statements. Accordingly, certain expenses were allocated to the program and supporting services benefited as reflected in the statement of functional expenses. Expenses are allocated on a reasonable basis that is consistently applied by management. Expenses that are allocated include compensation and benefits, which are allocated based upon estimates of time and efforts devoted to the functional categories, while joint costs are allocated based upon the percentage of communications devoted to functional categories. Significant estimates are required to functionally allocate expenses and to allocate joint costs to the program and supporting services benefited.

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates and the difference could be material.

**Note C – Concentration of Risk**

Cash Balances: Financial instruments that subject the Committee to potential concentrations of risk consist of cash balances with banking institutions that exceed the federal insurance limits. As of December 31, 2022 and 2021, the Committee reported no significant bank balance in excess of federal insurance limits.

Contributions: During the years ended December 31, 2022 and 2021, the Committee’s largest donor gave approximately \$36,500 (or 2%) and \$146,300 (or 7%), respectively, of the Committee’s total revenue and support. From time-to-time, the Committee is also a named beneficiary in a decedent’s estate and may receive significant bequests.

**LIBERTARIAN NATIONAL COMMITTEE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2022**

**Note D – Related Party Transactions**

During the years ended December 31, 2022 and 2021, the Committee received approximately \$18,500 and \$32,800, respectively, in contributions and dues from board members and employees. In addition to the contributions and membership dues from current and former board members and key employees, these individuals also volunteer to serve the Committee and in various capacities. Additionally, the Committee paid \$173,500 and \$92,900, respectively, to related state affiliates for ballot access petitioning and voter registration campaigns and related travel reimbursements to key employees during the years ended December 31, 2022 and 2021.

**Note E – Liquidity and Availability of Financial Assets**

The following schedule reflects the Committee’s financial assets as of December 31, 2022 and 2021 reduced by amounts not available for general use due to contractual or donor-imposed restrictions within one year of the fiscal years ended December 31:

	<b>2022</b>	<b>2021</b>
Financial assets at end of year	\$ 255,395	\$ 297,366
Amounts unavailable for general expenditure within one year of reporting period:		
Bequest receivable due in more than one year	-	-
Donor restricted for payment of debt service	4,635	1,988
Donor restricted for program related initiatives	3,024	83,858
Financial assets available to meet cash needs for general expenditure within one year	\$ 247,736	\$ 211,520

As part of the Committee’s liquidity management, management may invest any excess funds in short-term investments, such as bank savings or market funds.

**Note F – Bequests Receivable**

From time-to-time the Committee receives bequests and legacies from decedent members’ last wills and testaments. As of December 31, 2022 and 2021, management was unaware of any remaining outstanding bequest or significant pledge receivables. Bequests, similar to contributions and donations, are recognized at the earliest point known and measurable. The Committee reports bequests receivable at its net realizable value by discounting the initial bequest for an allowance for doubtful accounts and present value discount.

**LIBERTARIAN NATIONAL COMMITTEE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Note F – Bequests Receivable – Continued**

Bequests and legacies in excess of FEC annual contributions may be held by trustees or escrow agents who hold generally hold any excess funds in interest bearing accounts generally mitigating the necessity of any significant discounts being applied by the Committee. No significant remaining bequests receivable were reported as of December 31, 2022 and 2021, respectively.

**Note G – Lines of Credit**

Secured Line of Credit: In April 2022, the Committee established a \$200,000 secured line of credit with a regional financial institution. The line of credit is secured by the Committee’s headquarters with interest accruing at a variable interest rate tied the lenders prime interest rates, which was approximately 7.5% as of December 31, 2022. The secured line of credit requires monthly payment of interest and matured in April 2023. No significant outstanding balance was reported on the secured line of credit by the Committee as of December 31, 2022. Interest incurred on the secured line of credit totaled approximately \$200 during the year ended December 31, 2022.

Unsecured Lines of Credit: The Committee maintains two unsecured lines of credit with financial institutions in the form of business credit cards. The business credit cards have total available credit of \$103,000 as of December 31, 2022 and require monthly payments of interest at annual rates that range from approximately 11% and 13% as of the year then ended. The Committee reported no significant outstanding balances on the lines of credit as of December 31, 2022 and 2021. Interest expense incurred on the unsecured lines of credit totaled approximately \$100 and \$20, respectively, during the years ended December 31, 2022 and 2021. The lines of credit are revolving and subject to restrictions and annual renewals and call provisions of the lenders. The terms and balances owed on the lines of credit are as follows as of December 31, 2022:

Unsecured lines of credit with regional financial institutions in the form of credit card accounts with total available credit of \$103,000. The lines are guaranteed by the authorized users and carry variable interest rates tied to the lenders' prime rates, which were approximately 11% and 13%. The Committee reported no significant outstanding balances as of December 31, 2022 and 2021 with interest expense of approximately \$-0- and \$20, respectively, during the years then ended. The lines of credit are revolving and subject to borrowing restrictions and annual renewal provisions.

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The Committee reported no significant future maturities on the lines of credit as of December 31, 2022 and 2021, and interest expense incurred on the lines of credit totaled approximately \$300 and \$20, respectively during the years then ended.



**LIBERTARIAN NATIONAL COMMITTEE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2022**

**Note H – Debt Obligations**

Mortgage Payable: In April 2014, the Committee entered into a \$500,000 secured promissory note with a regional financial institution to purchase the Committee’s office headquarters. The promissory note is collateralized by underlying real property and improvements and a security interest in all depository accounts held with the financial institution. The secured note payable requires 119 monthly payments of principal and interest of approximately \$2,900 beginning in August 2014 at an annual fixed interest rate of 4.85%. The mortgage also requires a final balloon payment due in July 2024 that was originally projected to be approximately \$371,600; however, the Committee paid off the original mortgage in January 2021.

**Note I – Net Assets with Donor Restrictions**

The Committee’s net assets with donor restrictions consist of funds earmarked by donors for the Committee’s building fund, college campus programs, and legal defense and radio advertising initiatives. The Committee’s net assets with donor restrictions and changes in net assets with donor restrictions consist of the following as of December 31, 2022 and 2021:

	<b>2022</b>	<b>2021</b>
Net assets with donor restrictions:		
Building acquisition fund	\$ 4,635	\$ 1,988
College campus programs	1,731	1,731
Legal defense and radio fund	1,293	82,127
	<b>\$ 7,659</b>	<b>\$ 85,846</b>
	<b>2022</b>	<b>2021</b>
Net assets with donor restrictions, beginning of year	\$ 85,846	\$ 42,857
Contributions with donor restrictions:		
Building acquisition fund	20,544	40,894
Legal defense and radio fund	2,525	113,077
	23,069	153,971
Net assets released from restrictions:		
Building acquisition fund	17,897	53,718
Legal defense and radio fund	83,359	57,264
	101,256	110,982
Net asses with donor restrictions, end of year	<b>\$ 7,659</b>	<b>\$ 85,846</b>

**LIBERTARIAN NATIONAL COMMITTEE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2022**

**Note J – Intentions-to-Give**

The Committee receives commitments from members who many times provide their credit card information for future contribution purposes. The members are generally making recurring contributions to the Committee and do not commit to a specific number of payments or period of time for which the Committee may charge the recurring gifts. The members may also decline the charges or request that the Committee cease making charges against their credit card at any time and completely at their discretion. The Committee treats these recurring contributions as intentions-to-give or conditional promises to give and as such, revenue is not recognized until the contribution is both determinable and measurable, which generally occurs when the credit card is processed and receipt received by the Committee. During the years ended December 31, 2022 and 2021, the Committee recognized approximately \$618,000 and \$584,300, respectively, from recurring contributions from members.

**Note K – Retirement Plan**

The Committee maintains a 401(k) defined contribution retirement plan that covers employees who meet certain minimum age and length of service requirements. As a qualified retirement plan, employees may contribute a portion of their salaries on a tax-deferred basis up to statutory limits. The Committee has elected to make matching contributions to the plan based upon 50% of employee contributions up to 6% of the participant's qualified salary. The Committee incurred matching contributions and plan administrative expenses totaling approximately \$12,300 and \$15,200, respectively, during the years ended December 31, 2022 and 2021.

**Note L – Commitments & Contingencies**

Litigation and Disputes: The Committee is currently involved in several lawsuits stemming primarily from presidential candidacy, state ballot and debate access. These suits involve various legal actions, claims and disputes with affiliates that arise from the normal course of business and that, in the opinion of management, will not have significant impact upon the Committee.

Membership Commitment: The Committee provides nominal or token promotional items to contributors and members, such as a periodic newsletter designed to keep members informed of current developments, encourage participation in the political processes, and to promote the interests of the Committee and its candidates. Although there is no contractual or legal requirement for the Committee to provide such services, as a part of its purpose and out of courtesy to its contributors, the Committee is committed to providing timely information and promotional items to its members. The Committee recognizes expenses on these programs and items as incurred and, as such, no liability is accrued for any implied member commitment.

**LIBERTARIAN NATIONAL COMMITTEE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Note L – Commitments & Contingencies – Continued**

Federal Regulation: The Committee is subject to federal and state election laws and oversight by the Federal Election Commission (FEC). The Committee is subject to the Federal Election Campaign Act of 1971, the Bipartisan Campaign Reform Act of 2002 (BCRA), and various FEC and IRS regulations. As such, the Committee is required to file monthly and annual reports with the FEC regarding contributions and expenditures of its funds. Additionally, the Committee is precluded from receiving contributions from corporations, labor unions, and certain other third parties, and contributions received from individuals are limited to annual amounts as determined by the FEC, which was \$36,500 for each of the years ended December 31, 2022 and 2021. Furthermore, the Committee's books and records are subject to examination by regulatory bodies and such examinations can result in fines, penalties, or sanctions. Although the results of such examinations have not had a material impact upon the Committee to date, no assurance can be given regarding the uncertainty of any future compliance examinations.

Employment Contracts: In July 2022, the Committee entered into an employment agreement with a new Executive Director. The employment contract provides for a base monthly salary, benefits, and performance incentives based upon financial and other performance indicators. The employment agreement provides for termination for cause and allows either party to terminate the agreement with a one-week written notice without any severance or liquidating damages.

Hotel Contracts: The Committee has contracts with hotels and other venues for conventions and other events. These contracts contain cancellation clauses that may require the Committee to pay certain liquidating damages in the event of cancellation. The amount of damages may vary depending upon the date of cancellation, numbers of rooms reserved, percentage of rooms resold by the hotel, cancellation and other insurance, etc. Also, in the event of cancellation, the Committee may also risk forfeiture of any deposits made with these hotels.

**Note M – Income Taxes**

Income Tax Status: The Committee is recognized as a tax-exempt political organization under Section 527 of the Internal Revenue Code (IRC). Under IRC Section 527, the Committee's exempt functions include all activities that relate to and support the process of influencing or attempting to influence the selection, nomination, election, or appointment of any individual to a public office. Certain activities unrelated to the exempt purpose, such as net investment income, are subject to taxation as non-exempt income. During the years ended December 31, 2022 and 2021, the Committee did not incur any significant income tax expense on its net investment income, which the Committee reported was under the annual specific deduction amount of \$100. The Committee is also subject to FEC rules and regulations and can be subject to penalties and assessment for noncompliance. No significant penalties or assessment were incurred by the Committee.

**LIBERTARIAN NATIONAL COMMITTEE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Note M – Income Taxes – Continued**

Tax Contingencies: Although the Committee has not received any notice of intent to examine its tax returns, the Committee's tax returns remain subject to examination or review by tax authorities pursuant to various statutes of limitations. Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Committee and to recognize a tax liability (or asset) if the Committee has taken uncertain tax positions that would more likely than not be sustained upon examination. Management is unaware of any significant uncertain tax positions arising during the years ended December 31, 2022 and 2021 that are more likely than not to be sustained should the Committee's tax returns be subject to examination. Accordingly, the Committee also did not incur or accrue any significant penalties or interest associated with uncertain tax positions during the years ended December 31, 2022 and 2021.

**Note N – Subsequent Events Evaluation**

Management has evaluated subsequent events for the period January 1, 2023 through August 15, 2023, the date on which these financial statements were available to be issued and during this period, the Committee continues to operate under the novel coronavirus public health emergency as declared by the World Health Organization (WHO) and others. As such, there continues to be mandates from international, federal, state and local authorities requiring social distancing, travel and other public health requirements and restrictions. These requirements and restrictions continue to impact the manner in which business is conducted and could negatively impact the Committee's operations. While the closures and limitations on movement, domestically and internationally, are expected to be temporary, the duration of these disruptions, and related financial impact, cannot be estimated at this time. Management continues to evaluate the impact of the COVID-19 pandemic on its operations and while it is possible that the novel coronavirus could have a negative effect on the Committee, management is currently unable to determine the specific impact as of the date of these financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.