

***Represent.Us Education Fund
Financial Statements
December 31, 2014***

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Financial Statements
December 31, 2014**

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NOLAN CALCASOLA, P.C.

Certified Public Accountant

Independent Auditor's Report

***To the Members of the Board of Directors
Represent.Us Education Fund***

I have audited the accompanying financial statements of Represent.Us Education Fund (a nonprofit organization), which comprise the statement of financial position as of December 31, 2014, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility 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; this includes 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Represent.Us Education Fund as of December 31, 2014, 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.

Nolan Calcasola, P.C.

April 29, 2015

Represent.Us Education Fund
Statement of Financial Position
December 31, 2014

Assets

Current Assets

Cash and Cash Equivalents	\$ 229,358
Pledge Receivable	50,000
Membership Fee Receivable	504
Prepaid Expenses	1,400
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Total Current Assets 281,262

Property and Equipment (net of depreciation \$64,449)

41,738

Total Assets

\$ 323,000

Liabilities and Net Assets

Current Liabilities

Grants Payable	\$ 215,000
Advances due to Affiliate for Shared Costs	65,368
Membership Fees due to Affiliate	1,137
Accounts Payable	(1,248)
Payroll Liabilities	998
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Total Current Liabilities

281,255

Net Assets

Unrestricted

41,745

Total Net Assets

41,745

Total Liabilities and Net Assets

\$ 323,000

Represent.Us Education Fund
Statement of Activities
Year Ended December 31, 2014

Increase in Unrestricted Assets

Revenues and Support:

Contributions	\$ 730,344
Grant Income	585,000
Membership Contributions	11,688
Other Income	1,285
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Total Revenues and Support	1,328,317

Decrease in Unrestricted Assets

Expenses:

Program Expenses	1,342,219
Development Expenses	150,570
Management and General	95,678
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Total Expenses	1,588,467

Change in Net Assets (260,150)

Net Assets at Beginning of Year 291,325

Prior Period Adjustments 10,570

Net Assets at End of Year \$ 41,745

Represent.Us Education Fund
Statement of Cash Flows
Year Ended December 31, 2014

Increase (Decrease) in Cash and Cash Equivalents

Cash Flows Provided (Used) by Operating Activities:

Change in Net Assets \$ (260,150)

Adjustments to reconcile change in net assets to net cash used by operating activities:

Depreciation	16,936
Adjustment to Net Assets	10,570
(Increase) decrease in Receivables	(50,504)
(Increase) decrease in Prepaid Expenses	(1,400)
Increase (decrease) in Grants Payable	145,000
Increase (decrease) in Advances from Affiliate for Shared Expenses	20,444
Increase (decrease) in Due to Affiliate for Membership Fees	(2,688)
Increase (decrease) in Other Liabilities	<u>(11,706)</u>

Net Cash Provided (Used) by Operating Activities (133,498)

Cash Flows Provided (Used) by Investing Activities:

Purchase of Property and Equipment (17,211)

Cash Provided (Used) by Investing Activities (17,211)

Net Increase (Decrease) in Cash and Cash Equivalents (150,709)

Cash and Cash Equivalents at Beginning of Year 380,067

Cash and Cash Equivalents at End of Year \$ 229,358

Supplemental Data

Interest Paid	<u>\$ -</u>
Taxes Paid	<u><u>\$ -</u></u>

Represent.Us Education Fund
Statement of Functional Expenses
Year Ended December 31, 2014

	Public Education Communication & Grantmaking	Program	Management and General	Development	Common Costs	Total
Grants	\$ 1,157,928		\$ 1,157,928			\$ 1,157,928
Salaries		\$ 86,349	86,349	\$ 58,419	\$ 85,308	\$ 102,853
Employee Benefits		16,959	16,959	8,381	11,540	11,294
Travel		6,516	6,516	930	9,251	9,390
Consulting		11,975	11,975	666	21	9,974
Rent						19,290
Hospitality, Meetings & Briefings					16,939	16,939
Payroll Taxes		3,642	3,642	2,019	2,535	5,830
Deployment Costs		9,783	9,783			88
Telephone, Internet Website & Email Hosting		1,154	1,154	114	155	5,715
Office Expenses		93	93			5,053
Insurance		2,801	2,801	1,877	38	153
Equipment Maintenance		939	939		118	2,743
Printing, Postage & Shipping		53	53	156	1,460	2,128
Maintenance & Cleaning						3,325
Accounting				3,000		3,000
Recruitment				1,005		804
Legal fees				1,650		1,650
Filing Fees				1,392		1,392
Miscellaneous					216	925
Memberships & Subscriptions		121	121	20	56	329
Advertising & Promotion		411	411		99	510
Mixed Media		47	47			47
Depreciation		16,936	16,936			16,936
Allocation of Common Cost		26,512	26,512	16,049	22,834	(179,894)
	<u>\$ 1,157,928</u>	<u>\$ 184,291</u>	<u>\$ 1,342,219</u>	<u>\$ 95,678</u>	<u>\$ 150,570</u>	<u>\$ -</u>
						<u>\$ 1,588,467</u>

Represent.Us Education Fund
Notes to Financial Statements
December 31, 2014

1. Organization and Nature of Operations

Represent.Us Education Fund (the Organization or RUEF) was incorporated in 2008 as the Change Congress Forum, and subsequently conducted business as the Change V2 Foundation, Democracy Fund, Fund for the Republic and United Republic Education Fund.

Represent.Us Education Fund is a national, nonpartisan, nonprofit organization working to educate the American public about the harms caused by big money special interest lobbyists. RUEF supports public education, research, outreach, and community building activities that raise public awareness, amplify the message that money-in-politics is corruption and increase civic participation.

The Organization's principal program service activities during 2014 consisted of the following:

Public Education, Outreach and Communications:

Represent.Us Education Fund believes that compelling multimedia is the most cost-effective tool for marketing and public education. RUEF curates a daily interactive news blog. "The Bulletin" blog curates current money-in-politics related news items with a strong emphasis on infographics, blog posts, videos and interactive features to engage, educate and enlist support.

Grantmaking:

In 2014, Represent.Us Education Fund made grants to Represent.Us to support public education activities and dedicated cross-partisan outreach activities. These public education activities included 34 new money-in-politics educational multimedia projects, garnering more than 1.5 million YouTube views in 2014. RUEF developed and delivered a multi-channel public education program explaining complex money in politics issues.

RUEF grants also supported grassroots organizing efforts to increase public awareness of money-in-politics corruption. This includes the Represent.Us national volunteer program, which provides educational materials, tools, resources, online discussion forums and monthly volunteer conference calls aimed at moving volunteers up a "ladder of engagement" - a structured leadership training program. Grant funds also enabled the deployment of staff, volunteers and interns to community events and conferences across the country, increasing outreach to a diverse cross section of the public.

2. Summary of Significant Accounting Policies

The financial statements have been prepared in accordance with the generally accepted accounting principles. The significant accounting policies followed are described below:

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Organization considers all unrestricted highly liquid accounts to be cash with an initial maturity of three months or less to be cash equivalents.

Represent.Us Education Fund
Notes to Financial Statements
December 31, 2014

2. Summary of Significant Accounting Policies (continued)

Property and Equipment

Property and equipment are valued at cost. Depreciation is computed on the straight-line method over the estimated useful life of the assets. Additions and renewals, unless minor in amount, are capitalized. Expenditures for maintenance, repairs and minor renewals are expensed in the period incurred. When assets are sold or retired, the related cost and accumulated depreciation are removed from the respective accounts and any resulting gain or loss is credited or charged to income.

Net Assets

Unrestricted net assets represent the portion of the net assets of the Organization that is neither permanently restricted nor temporarily restricted by donor-imposed stipulations.

Temporarily restricted net assets represent those assets that are received with donor stipulations that limit the use or the time of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets consist of endowment funds that have been restricted by donors to be maintained in perpetuity. Income earned on such funds is unrestricted or temporarily restricted based on donor stipulations.

The Organization reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-term assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Currently, the Organization has only unrestricted assets of \$41,745.

Contributions

Contributions including unconditional promises to give are recognized as support in the period in which they are received. Conditional promises to give are not recognized until they become unconditional, that is, at the time when the conditions on which they depend are substantially met.

Pledges are recorded as a receivable in the year that they are made. Provisions for uncollectible pledges are based on the Organization's collection policy, the length of time the pledge has been outstanding and other matters.

Securities received as contributions are recorded as revenue at the date the contribution is converted to cash. The Organization's policy is to convert the gift to cash immediately and not to hold on to the security. Therefore, no gain or loss is reported in the statement of activities.

Office furniture and equipment received as contributions are recorded as revenue at the fair market value (cost) at the date of contribution.

Investments

The Organization records investments in marketable securities at fair market value and that unrealized gains and losses are included in the change in net assets in the accompanying statement of activities. Net investment income is reflected as increases or decreases in the unrestricted class of net assets unless donors place temporary or permanent restrictions on such income.

Represent.Us Education Fund
Notes to Financial Statements
December 31, 2014

2. Summary of Significant Accounting Policies (continued)

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Accordingly, actual results could differ from those estimates.

Communication and Promotion

The cost of communication and program promotion is expensed as incurred.

Concentration of Risk

Cash and Cash Equivalents

The Organization maintains cash balances at a local financial institution. At various times during the year cash balances may exceed the insured amount of \$250,000 of the Federal Deposit Insurance Corporation.

Contributions

The Organization receives substantial amount of their support from various individuals and foundations. If such individuals and foundations decrease their amount of contributions this may impact the operation of the Organization.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

3. Federal Income Tax Status

In 2008 the Internal Revenue Service determined that the Organization is exempt from Federal income tax under Section 501(a) of the Internal Revenue Code of 1986, as amended ("Code Section"), as an organization described in Section 501(c)(4) and publicly supported under Code Section 509(a)(1) and 170(b)(1)(A)(vi). However, the Organization is subject to tax on income from any unrelated business income as described in in Code Sections 512 and 513.

The Organization has adopted the recognition requirements for uncertain income tax provisions as required by generally accepted accounting principles, with no cumulative effect adjustment required. The Organization has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates. The Organization believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect in financial condition, results of operations or cash flows. Accordingly, the Organization has not recorded any reserves, or related accruals for interest and penalties for uncertain tax positions at December 31, 2014. The Organization is subject to routine audits by taxing jurisdictions; however there are currently no audits for any tax periods in progress. The Organization believes it is no longer subject to income tax examinations for years prior to 2011.

The Organization's policy is to classify income tax related interest and penalties in interest expense and other expenses, respectively.

Represent.Us Education Fund
Notes to Financial Statements
December 31, 2014

4. Fair Value of Financial Instruments

Cash and Cash Equivalents

The carrying amount approximates fair value because of the short maturity of those instruments.

Current Liabilities

The carrying amount approximates fair value because of the short maturity of those instruments.

5. Property and Equipment

Property and equipment consisted of the following at December 31, 2014:

Furniture & Equipment	\$	55,276
Leasehold Improvements		40,452
Transportation Equipment		10,460
less Accumulated Depreciation		(64,449)
Net Property and Equipment	\$	<u>41,738</u>

Depreciation charged to expense during the year was \$16,936.

6. Compensated Absences

The Organization's balance for compensated absences consists of unused vacation time which in management's estimation is not material to the financial statements taken as a whole; therefore no provision for accrual has been made.

7. Prior Period Adjustment

The Organization had established payables which were voided during the year. The amount of the adjustment to net assets was \$10,570.

8. Related Party Transactions

Represent.Us a 501(c)(4) organization is a related to the Organization. Two board members of the Organization are board members of the Represent.Us six member board. The Organization shares resources for operations with Represent.Us. The shared resources are charged to each entity on the basis of time and resource utilization studies. As of the balance sheet date the Organization has a balance due for advances from Represent.Us for future shared operating costs of \$65,368. During the year the Organization made grants to Represent.Us for \$1,157,928 for programs of which \$215,000 will be paid subsequent to year end. In addition, the Organization collects on behalf of Represent.Us membership fees paid via credit cards. The amount the Organization owes Represent.Us at December 31, 2014 is \$\$1,137.

9. Leases

The Organization leases its space. The lease is classified as an operating lease. The lease commenced June 15, 2011 and expires June 30, 2016. The original monthly lease payment was \$1,995 for the term of the lease but the Organization was allocated a monthly rent credit of \$616.67 to be applied against the \$1,995 for leasehold improvements made by the Organization. Therefore, the minimum monthly net lease payment is \$1,378.33. If the lease is terminated by the landlord prior to June 30, 2016 any remaining monthly credits shall be paid to the Organization in a lump sum. If the Organization terminates the lease, any remaining credits shall be applied to the rent of the Organization if the new space is in its current location or if the Organization subleases the space the monthly credits will remain unchanged.

***Represent.Us Education Fund
Notes to Financial Statements
December 31, 2014***

9. Leases (continued)

The future minimum lease payments for 2015 are \$16,540 and for 2016 \$8,270 for a total future minimum lease payments of \$24,810.

7. Subsequent Events

The Organization did not have any recognized or non-recognized subsequent events after December 31, 2014, the date of the statement of financial position. Subsequent events have been evaluated through June 8, 2015 the date the financial statements were issued.