

***Represent.Us Education Fund
Financial Statements
December 31, 2015***

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NOLAN, CALCASOLA & CO, P.C.

Certified Public Accountants

Independent Auditor's Report

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

We 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, 2015, 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

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we 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, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our 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, 2015, 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 & CO, P.C.

East Longmeadow, Massachusetts
July 6, 2016

**Represent.Us Education Fund
Statement of Financial Position
December 31, 2015**

Assets

Current Assets:

Cash and Cash Equivalents	\$	205,629
Pledge Receivable		25,000
Staff Advances		<u>12</u>

Total Current Assets 230,641

Property and Equipment (net of depreciation \$80,422) 32,821

Total Assets \$ 263,462

Liabilities and Net Assets

Current Liabilities:

Grants Payable	\$	146,417
Advances Due to Affiliate for Shared Costs		44,792
Accounts Payable		3,884
Membership Fees Due to Affiliate		<u>405</u>

Total Current Liabilities 195,498

Net Assets

Unrestricted 67,964

Total Net Assets 67,964

Total Liabilities and Net Assets \$ 263,462

**Represent.Us Education Fund
Statement of Activities
Year Ended December 31, 2015**

Increase in Unrestricted Assets

Revenues and Support:

Grant Income	\$	929,336
Contributions		752,467
Membership Contributions		17,074
Other Income		<u>1,246</u>

Total Revenues and Support 1,700,123

Decrease in Unrestricted Assets

Expenses:

Program Expenses		1,409,408
Development Expenses		181,475
Management and General Expenses		<u>83,021</u>

Total Expenses 1,673,904

Change in Net Assets 26,219

Net Assets at Beginning of Year 41,745

Net Assets at End of Year \$ 67,964

Represent.Us Education Fund
Statement of Cash Flows
Year Ended December 31, 2015

Increase (Decrease) in Cash and Cash Equivalents

Cash Flows Provided (Used) by Operating Activities:

Change in Net Assets \$ 26,219

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

Depreciation	15,973
(Increase) Decrease in Receivables	25,504
(Increase) Decrease in Prepaid Expenses	1,400
(Increase) Decrease in Staff Advances	(12)
Increase (Decrease) in Grants Payable	(68,583)
Increase (Decrease) in Advances from Affiliate for Shared Expenses	(20,577)
Increase (Decrease) in Due to Affiliate for Membership Fees	(732)
Increase (Decrease) in Other Liabilities	4,134
	4,134

Net Cash Provided (Used) by Operating Activities (16,674)

Cash Flows Provided (Used) by Investing Activities:

Purchase of Property and Equipment	(7,055)
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Cash Provided (Used) by Investing Activities (7,055)

Net Increase (Decrease) in Cash and Cash Equivalents (23,729)

Cash and Cash Equivalents at Beginning of Year	229,358
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Cash and Cash Equivalents at End of Year \$ 205,629

Supplemental Data

Interest Paid	\$ -
Taxes Paid	\$ -

Represent.Us Education Fund
Statement of Functional Expenses
Year Ended December 31, 2015

	Public Education Communication & Grantmaking	Outreach	Program	Management and General	Development	Common Costs	Total
Grants	\$ 1,263,417		\$ 1,263,417				\$ 1,263,417
Salaries		\$ 70,760	70,760	\$ 36,400	\$ 109,782	\$ 119,326	336,268
Rent						42,080	42,080
Travel		8,716	8,716	3,238	13,036	8,609	33,599
Employee Benefits		8,978	8,978	5,290	9,681	4,065	28,014
Payroll Taxes		7,064	7,064	3,278	8,184	8,946	27,472
Consulting		5,882	5,882	1,080		7,966	14,928
Equipment Maintenance				1,137		7,979	9,116
Accounting				4,700		2,920	7,620
Telephone, Internet Website & Email Hosting		980	980	126	253	5,711	7,070
Office Expenses		69	69	388	54	6,505	7,016
Insurance				6,475			6,475
Data Collection & List Services					4,946		4,946
Maintenance & Cleaning						4,818	4,818
Printing, Postage & Shipping		11	11	738	2,403	1,325	4,477
Deployment Costs		4,058	4,058			54	4,112
Hospitality, Meetings & Briefings		836	836		1,170	1,935	3,941
Recruitment				3,733	62	80	3,875
Legal Fees				2,090			2,090
Memberships & Subscriptions					999	677	1,676
Payroll Fees				1,171		487	1,658
Professional Development				1,295	140		1,435
Filing Fees				1,080			1,080
Miscellaneous		1,040	1,040	(1,016)	72	799	895
Mixed Media		708	708				708
Bank & Merchant Account Fees				664		153	817
Advertising & Promotion		208	208				208
Depreciation		15,973	15,973				15,973
Allocation of Common Cost		20,708	20,708	11,154	30,693	(224,435)	(161,880)
	<u>\$ 1,263,417</u>	<u>\$ 145,991</u>	<u>\$ 1,409,408</u>	<u>\$ 83,021</u>	<u>\$ 181,475</u>	<u>\$ -</u>	<u>\$ 1,673,904</u>

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

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 (RUEF) is a national, nonpartisan, nonprofit organization dedicated to challenging the undue influence of money over American politics and encouraging the public to become involved in reform efforts. RUEF promotes equality, ethics, and transparency in elections and the government. RUEF supports research, outreach, and community building activities that raise public awareness and increase civic participation.

The Organization's principal program service activities during 2015 consisted of the following:

Grantmaking:

In 2015, Represent.Us Education Fund made grants to Represent.Us to support public education, research, and cross-partisan outreach activities. These public education activities included the research and production of 24 new money-in-politics educational digital video projects, which garnered more than 46 million views in 2015. RUEF grants also supported grassroots organizing efforts to increase public awareness of money-in-politics corruption. This includes the national volunteer "Movement Track" program which provides digital educational materials, tools, resources, online discussion forums, and monthly conference calls, all aimed at empowering hundreds of dedicated activists, and creating a peer-to-peer learning community. Grant funds also enabled staff and volunteers to attend community events across the country, increasing outreach to a diverse cross section of the public.

Public Education, Outreach and Communications:

Represent.Us Education Fund knows that compelling digital media is a powerful tool for marketing and public education. To this end, RUEF curates a daily interactive news blog to engage, educate and enlist support from the public. "The Bulletin" showcases the worst cases of corruption along with videos, graphics, and smart analysis that motivates visitors to share the content. RUEF expanded upon their successful multi-channel public education program, explaining complex money in politics issues.

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.

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 \$67,964.

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 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.

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.

Advertising and Promotion

The cost of advertising 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.

Shipping and Handling

Shipping and handling costs are expenses as incurred.

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)(3) 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, 2015. 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 2012.

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

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 Assets and 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, 2015:

Furniture & Equipment	\$	62,331
Leasehold Improvements		40,452
Transportation Equipment		10,460
		<u>113,243</u>
less accumulated depreciation		<u>(80,422)</u>
Net Property and Equipment	\$	<u>32,821</u>

Depreciation charged to expense for the year ended December 31, 2015 was \$15,973.

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. Related Party Transactions

Represent.Us a 501(c)(4) organization is related to the Organization. Two board members of the Organization are board members of the Represent.Us seven 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 \$44,792. During the year the Organization made grants to Represent.Us for \$1,263,417 for programs of which \$146,417 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, 2015 is \$405.

8. Leases

The Organization leases its space as a subtenant. The lease is classified as an operating lease. The lease commenced June 15, 2011. On January 1, 2016 the Organization amended the lease for additional space. The amended lease commences on or about February 1, 2016 and ends on January 31, 2021. The monthly rent shall will be \$4,500 per month for approximately 7,076 square feet. The lease requires the Organization to pay additional rent to the sublandlord for general real estate taxes and necessary operating expenses of the building. The Organization's share is 1.5%. In addition on July 1, 2016 the Organization will pay the sublandord 50% of the electric bills paid by the sublandlord for the leased space. Commencing in the fourth lease year the lease may be terminated by both parties provided that the other party is given at least 120 days written notice.

The total future minimum lease payments for the term of lease are \$271,838 and are as follows; \$50,878 for the year ending December 31, 2016, \$54,000 for years ending December 31, 2017 through 2020 and \$4,500 for the month ending January 31, 2021.

9. Subsequent Events

The Organization did not have any recognized or non-recognized subsequent events after December 31, 2015, the date of the statement of financial position. Subsequent events have been evaluated through July 20, 2016 the date the financial statements were issued.