

***Represent.Us Education Fund  
Financial Statements  
December 31, 2016***

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**Table of Contents**

<b>Report of Independent Certified Public Accountants</b>	1
<b>Financial Statements:</b>	
Statement of Financial Position	2
Statement of Activities	3
Statement of Cash Flows	4
Statement of Functional Expenses	5
Notes to Financial Statements	6 – 10

# ***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, 2016, 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, 2016, 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  
September 14, 2017

**Represent.Us Education Fund  
Statement of Financial Position  
December 31, 2016**

**Assets**

**Current Assets:**

Cash and Cash Equivalents	\$ 555,055
Prepaid Expenses	17,029
Due from Affiliate	4,709
Staff Advances	<u>18</u>

**Total Current Assets** 576,811

**Property and Equipment (net of depreciation (\$89,149))** 13,634

**Total Assets** \$ 590,445

**Liabilities and Net Assets**

**Current Liabilities:**

Grant Payable	\$ 260,000
Accounts Payable	18,459
Payroll Liabilities	2,769
Membership Fees Due to Affiliate	<u>50</u>

**Total Current Liabilities** 281,278

**Net Assets**

Unrestricted 309,167

**Total Net Assets** 309,167

**Total Liabilities and Net Assets** \$ 590,445

**Represent.Us Education Fund  
Statement of Activities  
Year Ended December 31, 2016**

***Increase in Unrestricted Assets***

***Revenues and Support:***

Foundation Donations	\$ 1,057,500
Contributions	1,191,528
Membership Contributions	9,223
Other Income	<u>425</u>

***Total Revenues and Support*** 2,258,676

***Decrease in Unrestricted Assets***

***Expenses:***

Program Expenses	1,647,821
Development Expenses	238,820
Management and General Expenses	<u>121,419</u>

***Total Expenses*** 2,008,060

***Change in Net Assets*** 250,616

***Net Assets at Beginning of Year*** 67,965

***Disposal of Vehicle*** (9,414)

***Net Assets at End of Year*** \$ 309,167

**Represent.Us Education Fund**  
**Statement of Cash Flows**  
**Year Ended December 31, 2016**

***Increase (Decrease) in Cash and Cash Equivalents***

***Cash Flows Provided (Used) by Operating Activities:***

***Change in Net Assets*** \$ 250,616

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

Depreciation	9,773
(Increase) Decrease in Receivables	20,292
(Increase) Decrease in Prepaid Expenses	(17,029)
(Increase) Decrease in Staff Advances	(6)
Increase (Decrease) in Grants Payable	113,583
Increase (Decrease) in Advances from Affiliate for Shared Expenses	(44,792)
Increase (Decrease) in Due to Affiliate for Membership Fees	(355)
Increase (Decrease) in Other Liabilities	<u>17,344</u>

***Net Cash Provided (Used) by Operating Activities*** 349,426

***Net Increase (Decrease) in Cash and Cash Equivalents*** 349,426

Cash and Cash Equivalents at Beginning of Year 205,629

***Cash and Cash Equivalents at End of Year*** \$ 555,055

***Supplemental Data***

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

**Represent.Us Education Fund**  
**Statement of Functional Expenses**  
**Year Ended December 31, 2016**

	<u>Grantmaking</u>	<u>Public Education Communication &amp; Outreach</u>	<u>Program</u>	<u>Development</u>	<u>Management and General</u>	<u>Common Costs</u>	<u>Total</u>
Grants	\$ 1,503,583		\$ 1,503,583				\$ 1,503,583
Salaries		\$ 58,939	58,939	\$ 125,661	\$ 47,936	\$ 189,305	421,841
Rent						65,854	65,854
Travel		7,077	7,077	15,373	9,915	9,804	42,169
Employee Benefits		6,359	6,359	12,135	5,915	11,066	35,475
Payroll Taxes		5,236	5,236	9,492	4,694	17,924	37,346
Consulting		26,626	26,626	10,350	815	2,250	40,041
Equipment Maintenance						1,160	1,160
Expendable Equipment						33,688	33,688
Accounting					8,835		8,835
Telephone, Internet Website & Email Hosting		2,319	2,319	315	116	7,707	10,457
Office Expenses		482	482	785	307	7,490	9,064
Insurance					2,778	276	3,054
Video Production & Promotion		4,288	4,288				4,288
Maintenance & Cleaning					100	4,642	4,742
Printing, Postage & Shipping		533	533	6,815	1,181	1,074	9,603
Deployment Costs		537	537				537
Hospitality, Meetings & Briefings		1,101	1,101	9,116			10,217
Intern Stipends & Temps		5,793	5,793	3,501			9,294
Legal Fees					620		620
Memberships & Subscriptions		297	297	1,635	10	7,471	9,413
Payroll & Bank Fees					1,454	118	1,572
Data collection & List Services				2,275			2,275
Filing Fees					1,396		1,396
Donation		500	500				500
Mixed Media				394	27		421
Recruitment					2,688	50	2,738
Professional Development					25	4,525	4,550
Software				3,188		2,349	5,537
Advertising & Promotion		97	97				97
Bus Expenses					3,505		3,505
Depreciation					9,773		9,773
Allocation of Common Cost		24,054	24,054	37,785	19,329	(366,753)	(285,585)
	<u>\$ 1,503,583</u>	<u>\$ 144,238</u>	<u>\$ 1,647,821</u>	<u>\$ 238,820</u>	<u>\$ 121,419</u>	<u>\$ -</u>	<u>\$ 2,008,060</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 is a national, nonpartisan, nonprofit 501(c)(3) organization working to fix our corrupt political system and involve the public in democracy policymaking. Through education, organizing, and advocacy, Represent.Us Education Fund promotes equality, ethics, and transparency in elections and 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 2016 consisted of the following:

### **Grantmaking:**

In 2016, Represent.Us Education Fund made grants to Represent.Us to support public education, research, and cross-partisan outreach activities. RUEF grants help to facilitate educational digital videos and the development of robust social media platforms to distribute and amplify public education campaigns. In 2016, grant funds helped to produce more than forty new digital videos which accrued ten million views. Grants supported the development of volunteer education and training materials, online discussion forums, and peer-to-peer mentorship for more than seven thousand new, politically diverse volunteers across the nation. In addition, grants were used to develop a new "National On-Call" outreach program which allows volunteers to connect with Americans in every corner of the country to share information on democratic reform events and activities happening in their communities. Funds also supported in-depth policy research focused on issues of political corruption in states and cities around the country. Research is compiled into a resource portfolio that aides in the development of robust policy solutions.

### **Public Education, Outreach and Communications:**

Represent.Us Education Fund's public education program raises awareness of political corruption and builds support for grassroots activity around the country. RUEF curates an interactive news blog that highlights the examples of our broken system, creates powerful infographics, and pairs that content with smart, solution-oriented analysis. Popular blog posts can accrue more than fifty thousand unique visits. This high quality content enables the organization to attract new supporters.

## **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 \$309,167.

### **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 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 2013.

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.

#### **4. Fair Value of Financial Instruments (continued)**

##### **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, 2016:

Furniture & Equipment	\$ 62,331
Leasehold Improvements	40,452
	<u>102,783</u>
less accumulated depreciation	<u>(89,149)</u>
Net Property and Equipment	<u>\$ 13,634</u>

Depreciation charged to expense for the year ended December 31, 2016 was \$9,773.

#### **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 from Represent.Us for \$4,709. During the year the Organization made grants to Represent.Us for \$1,503,583 for programs. As of December 31, 2016 \$260,000 of the grants were payable to Represent.Us. 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, 2016 is \$50.

#### **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 is \$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 pays the sublandlord 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.

In addition the Organization leases space in San Francisco, California. The lease commenced September 10, 2016 and ends on March 9, 2017. It is classified as an operating lease. The lease payments are \$2,800 per month.

The total future minimum lease payments for the terms of the leases are \$228,900 and are as follows; \$62,400 for year ending December 31, 2017 and \$54,000 per year 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, 2016, the date of the statement of financial position. Subsequent events have been evaluated through September 20, 2017 the date the financial statements were available to be issued.