

**Represent.Us Education Fund  
Financial Statements  
December 31, 2017**

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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, 2017, 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, 2017, 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 15, 2018

**Represent.Us Education Fund**  
**Statement of Financial Position**  
**December 31, 2017**

**Assets**

Current Assets:

Cash and Cash Equivalents	\$ 648,050
Prepaid Expenses	14,467
Staff Advances	<u>5</u>

Total Current Assets 662,522

Property and Equipment (Net of Depreciation of (\$95,228)) 10,603

**Total Assets** **\$ 673,125**

**Liabilities and Net Assets**

Current Liabilities:

Grant Payable	\$ 159,207
Accounts Payable	35,725
Due to Affiliate	33,143
Payroll Liabilities	<u>483</u>

Total Current Liabilities 228,558

Net Assets:

Unrestricted	414,621
Temporarily Restricted Assets	<u>29,946</u>

Total Net Assets 444,567

**Total Liabilities and Net Assets** **\$ 673,125**

**Represent.Us Education Fund**  
**Statement of Activities**  
**Year Ended December 31, 2017**

	<b>2017</b>	<b>2017</b>	<b>2017</b>
	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
<b>Revenues and Support:</b>			
Contributions	\$ 1,579,403	-	1,579,403
Foundation Donations	587,500	\$ 45,000	\$ 632,500
InKind Income	80,000	-	80,000
Membership Contributions	7,473	-	7,473
Other Income	1,595	-	1,595
	<u>2,255,971</u>	<u>45,000</u>	<u>2,300,971</u>
Satisfaction of Donor Restrictions	<u>15,054</u>	<u>(15,054)</u>	<u>-</u>
<b>Total Revenues and Support</b>	<b>2,271,025</b>	<b>29,946</b>	<b>2,300,971</b>
<b>Expenses:</b>			
Program Expenses	1,529,709	-	1,529,709
Management and General Expenses	356,670	-	356,670
Development Expenses	279,209	-	279,209
<b>Total Expenses</b>	<b>2,165,588</b>	<b>-</b>	<b>2,165,588</b>
Change in Net Assets	105,437	29,946	135,383
Net Assets at Beginning of Year	<u>309,184</u>	<u>-</u>	<u>309,184</u>
<b>Net Assets at End of Year</b>	<b><u>\$ 414,621</u></b>	<b><u>\$ 29,946</u></b>	<b><u>\$ 444,567</u></b>

**Represent.Us Education Fund**  
**Statement of Cash Flows**  
**Year Ended December 31, 2017**

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

Cash Flows Provided (Used) by Operating Activities:

**Change in Net Assets** **\$ 135,383**

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

Depreciation	6,079
(Increase) Decrease in Due From Affiliate	4,709
(Increase) Decrease in Prepaid Expenses	2,562
(Increase) Decrease in Staff Advances	13
Increase (Decrease) in Accounts Payable	17,266
Increase (Decrease) in Grants Payable	(100,793)
Increase (Decrease) in Due to Affiliate	33,143
Increase (Decrease) in Payroll Liabilities	(2,269)
Increase (Decrease) in Membership Fees Due to Affiliate	<u>(50)</u>

Net Cash Provided (Used) by Operating Activities 96,043

Cash Flows Provided (Used) by Investing Activities

Fixed Asset Purchases	<u>(3,048)</u>
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Net Cash Flows Provided (Used) by Investing Activities (3,048)

**Net Increase (Decrease) in Cash and Cash Equivalents** **92,995**

Cash and Cash Equivalents at Beginning of Year 555,055

**Cash and Cash Equivalents at End of Year** **\$ 648,050**

**Supplemental Data**

Interest Paid	<u>\$ 704</u>
Taxes Paid	<u>\$ -</u>

**Represent.Us Education Fund  
Statement of Functional Expenses  
Year Ended December 31, 2017**

Expenses	Public Education						Total
	Grantmaking	Communication & Outreach	Unrig & Legal Defense	Program	Fundraising & Development	Management and General	
Grants	\$ 1,224,207	\$ 100,000	-	\$ 1,324,207	-	-	\$ 1,324,207
Salaries	-	85,513	-	85,513	\$ 182,757	\$ 178,398	446,668
Advertising & Promotion	-	40	-	40	83	80,069	80,192
Consulting	-	51,032	\$ 5,095	51,032	3,578	124	54,734
Employee Benefits	-	9,384	-	9,384	16,624	15,440	41,448
Travel	-	-	-	-	19,339	18,450	37,789
Payroll Taxes	-	7,283	-	7,283	14,958	14,101	36,342
Occupancy	-	6,508	-	6,508	13,365	9,571	29,444
Communication Costs	-	2,556	11,941	2,556	20,992	641	24,189
Office Expenses	-	1,450	470	1,450	6,573	14,048	22,071
Travel	-	12,759	3,113	12,759	-	-	12,759
Accounting	-	-	-	-	-	12,002	12,002
Depreciation	-	-	-	-	-	6,079	6,079
Conferences & Meetings	-	1,489	-	1,489	-	2,084	3,573
Insurance	-	254	-	254	524	2,757	3,535
Other Professional Services	-	907	-	907	266	1,424	2,597
Intern Stipends & Temps	-	1,500	-	1,500	-	-	1,500
Interest Expense	-	-	-	-	-	704	704
Legal Fees	-	-	4,135	-	-	653	653
Information Technology	-	73	-	73	150	125	348
<b>Total Expenses</b>	<b>\$ 1,224,207</b>	<b>\$ 280,748</b>	<b>\$ 24,754</b>	<b>\$ 1,529,709</b>	<b>\$ 279,209</b>	<b>\$ 356,670</b>	<b>\$ 2,165,588</b>

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

## **1. Organization and Nature of Operations**

RepresentUs 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.

RepresentUs 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, RepresentUs 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 2017 consisted of the following:

### **Grantmaking**

In 2017, RepresentUs Education Fund made grants to RepresentUs to support public education, research, and cross-partisan outreach activities. Grant funds were used to develop educational content about popular, smart political reforms; to produce compelling videos; and to provide up-to-the-minute commentary on news in the form of blog posts and social-media content. Grantmaking also underwrote the development of public-education campaigns aimed at attracting and enrolling politically diverse constituents to the movement.

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

RepresentUs Education Fund’s public-education campaigns inform voters about the challenges faced by our democracy and provide information and resources on viable solutions. In 2017, RUEF published more than 50 blog posts and created a vast amount of shareable social-media content on our democratic systems including gerrymandering, voting-systems reform, transparency, ethics, and public finance of campaigns. RUEF content reinvigorates the civic sphere, encourages more people to take part in national discussions, and provides a pathway to greater community engagement.

### **Research**

RepresentUs Education Fund conducts ongoing, in-depth research related to campaign-finance and electoral-systems reform. Research is conducted by consulting state law, legal guides, historical records, content aggregators, think tanks, and academic institutions. Ongoing research aims to measure, track, and evaluate the impact of public-education campaigns and increased civic engagement.

## **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.

### **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.



## **2. Summary of Significant Accounting Policies (continued)**

### **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 unrestricted assets of \$414,621 and temporarily restricted assets of \$29,946.

### **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.

### **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.

## **2. Summary of Significant Accounting Policies (continued)**

### **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 2014.

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, 2017:

Furniture& Equipment	\$	65,379
LeaseholdImprovements		40,452
		<u>105,831</u>
less accumulated depreciation		<u>(95,228)</u>
Net Propertyand Equipment	\$	<u>10,603</u>

Depreciation charged to expense for the year ended December 31, 2017 was \$6,079.

## **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 December 31, 2017 the Organization has a balance owed to Represent.Us of \$33,143. During the year the Organization made grants to Represent.Us in the amount of \$1,324,207 for programs. As of December 31, 2017, \$159,207 of the grants were payable to Represent.Us.

## **8. Leases**

The Organization leases its space in Florence, Massachusetts. The lease is classified as an operating lease. The lease commenced February 1, 2018, and the runs until January 31, 2021. The Organization has the right extend the lease for two additional terms, with each extension being two year periods. The additional extensions contain the same terms, covenants and conditions. The monthly rent is \$5,000 per month for approximately 7,000 square feet. On February 1, 2019 and on each subsequent anniversary of the lease date, the base rent will increase by the multiplier of the Consumer Price Index. The lease requires the Organization to pay additional rent for general real estate taxes and necessary operating expenses of the building. The Organization's share of these additional items is 3%.

The Organization also leases space for two satellite offices. The terms are as follows:

The Organization leases space in San Francisco, California. The lease is month to month, and is considered an operating lease. The current lease payments are \$3,000 per month.

The Organization leases space in Washington D.C. The lease is month to month, and is considered an operating lease. The current lease payment is \$450 per month. The lease was terminated in 2018.

The total future minimum lease payments for the terms of the leases are \$185,000 and are as follows; \$55,000 for year ending December 31, 2018 and \$60,000 per year through 2020 and \$5,000 for the month ending January 31, 2022.

## **9. Subsequent Events**

The Organization did not have any recognized or non-recognized subsequent events after December 31, 2017, the date of the statement of financial position. Subsequent events have been evaluated through August 17, 2018 the date the financial statements were available to be issued.