

CENTER FOR RESPONSIVE POLITICS
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2014

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TABLE OF CONTENTS

	<u>Page #</u>
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS:	
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to Financial Statements	6-9

Chaconas & Wilson, P.C. **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors
Center for Responsive Politics
Washington DC

We have audited the accompanying financial statements of the Center for Responsive Politics (a nonprofit organization), which comprise the statement of financial position as of December 31, 2014 and the related statements of activities, functional expenses and cash flows 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 of 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 Center for Responsive Politics 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.

Chaconas & Wilson, P.C.

Washington, DC
September 25, 2015

CENTER FOR RESPONSIVE POLITICS

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2014

ASSETS

CURRENT ASSETS:

Cash and cash equivalents (Note 2)	\$ 2,045,127
Unconditional promises to give (Notes 2 and 4)	485,000
Prepaid expenses	24,421
Total Current Assets	<u>\$ 2,554,548</u>

PROPERTY AND EQUIPMENT, at cost (Note 2)

Furniture and equipment	\$ 92,555
Leasehold improvement	22,171
Total Property and Equipment	<u>\$ 114,726</u>
Less: accumulated depreciation	(92,780)
Property and Equipment, net	<u>\$ 21,946</u>

OTHER ASSETS:

Security deposit	<u>\$ 28,885</u>
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TOTAL ASSETS

\$ 2,605,379

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts payable	\$ 21,718
Accrued payroll	60,622
Total Current Liabilities	<u>\$ 82,340</u>

NET ASSETS:

Unrestricted (Note 2)	\$ 2,023,039
Temporarily restricted (Notes 2 and 7)	<u>500,000</u>

Total Net Assets \$ 2,523,039

TOTAL LIABILITIES AND NET ASSETS

\$ 2,605,379

The accompanying notes are an integral part of this statement.

CENTER FOR RESPONSIVE POLITICS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2014

	Unrestricted	Temporarily Restricted	Total
REVENUES:			
Contributions (Note 2)	\$ 779,038	\$ 515,000	\$ 1,294,038
Contract fees	167,225	-	167,225
Library services	19,560	-	19,560
Interest Income	12,491	-	12,491
Other Income	10,425	-	10,425
Net assets released from restriction:			
Satisfaction of time restriction	665,000	(665,000)	-
Total Revenues	\$ 1,653,739	\$ (150,000)	\$ 1,503,739
PROGRAM AND SUPPORT SERVICES EXPENSES:			
Program services:			
Research and analysis	\$ 621,997	\$ -	\$ 621,997
Library services	55,650	-	55,650
Education and outreach	707,487	-	707,487
Total Program Expenses	\$ 1,385,134	\$ -	\$ 1,385,134
Supporting services:			
Management and general	\$ 134,184	\$ -	\$ 134,184
Grant development	165,783	-	165,783
Total Supporting Expenses	\$ 299,967	\$ -	\$ 299,967
Total Expenses	\$ 1,685,101	\$ -	\$ 1,685,101
CHANGE IN NET ASSETS	\$ (31,362)	\$ (150,000)	\$ (181,362)
NET ASSETS, BEGINNING OF YEAR	2,054,401	650,000	2,704,401
NET ASSETS, END OF YEAR	\$ 2,023,039	\$ 500,000	\$ 2,523,039

The accompanying notes are an integral part of this statement.

CENTER FOR RESPONSIVE POLITICS
STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2014

	Program Services			Supporting Services			Total Expenses	
	Research and Analysis	Library Services	Education and Outreach	Total Program Services	Management and General	Grant Development		Total Supporting Services
Accounting services	\$ 8,760	\$ 796	\$ 10,352	\$ 19,908	\$ 1,429	\$ 2,223	\$ 3,652	
Computer expense	873	79	1,032	1,984	142	222	364	
Consulting fees	10,406	946	12,298	23,650	30,163	14,377	44,540	
Contracts with service bureau	2,293	209	2,711	5,213	374	582	956	
Depreciation	3,395	309	4,012	7,716	554	862	1,416	
Insurance	2,376	216	2,809	5,401	388	603	991	
Legal	-	-	-	-	200	-	200	
Meetings and conferences	23,355	1,229	-	24,584	1,764	2,746	4,510	
Occupancy, parking, utilities	71,032	6,457	83,947	161,436	11,584	18,029	29,613	
Office	440	40	520	1,000	2,266	-	2,266	
Online service	4,621	420	5,461	10,502	754	1,172	1,926	
Postage and delivery	820	75	968	1,863	134	208	342	
Printing and production	3,113	283	3,680	7,076	508	790	1,298	
Repairs and maintenance	638	58	753	1,449	104	162	266	
Salaries, payroll taxes								
employee benefits	479,836	43,621	567,079	1,090,536	78,253	121,787	200,040	
Subscriptions	2,079	189	2,456	4,724	-	-	-	
Supplies	1,256	114	1,485	2,855	205	319	524	
Telephone	5,777	525	6,828	13,130	942	1,466	2,408	
Travel	927	84	1,096	2,107	4,420	235	4,655	
Total Expenses	\$ 621,997	\$ 55,650	\$ 707,487	\$ 1,385,134	\$ 134,184	\$ 165,783	\$ 299,967	
							\$ 1,685,101	

The accompanying notes are an integral part of this statement.

CENTER FOR RESPONSIVE POLITICS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2014

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ (181,362)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	9,132
Change in assets and liabilities:	
Decrease in unconditional promises to give	165,000
Increase in prepaid expense	(731)
Increase in accounts payable	3,998
Increase in accrued payroll	2,452
	(1,511)
Net Cash Used In Operating Activities	\$ (1,511)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of property and equipment	(1,696)
	(1,696)
NET DECREASE IN CASH AND CASH EQUIVALENTS	\$ (3,207)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	2,048,334
	2,048,334
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 2,045,127
	2,045,127

The accompanying notes are an integral part this statement.

CENTER FOR RESPONSIVE POLITICS

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014

Note 1. **Organization:**

The Center for Responsive Politics (the Center) is a nonprofit corporation that educates the American public on the role that money plays in its elections and actions. The Center conducts and distributes the results of nonpartisan research on campaign finance and other money-in-politics issues. The Center's program areas are:

Research and Analysis – The on-line newsletter (www.capitaleye.org) puts the Center's data in context, pointing out trends and adding a money-in-politics angle to ongoing news stories and policy debates.

Library Services – The Center's staff provide custom research to academics, activists, journalists and public interest groups.

Education and Outreach – The Center's website (www.opensecrets.org) allows users to explore connections between money and politics. Freely available, easy-to-use databases track federal campaign contributions and lobbying in a variety of illuminating ways, such as by industry and interest group.

Note 2. **Summary of Significant Accounting Policies:**

Method of Accounting

The financial statements have been prepared on the accrual basis of accounting.

Contributions

The Center recognizes contribution revenue when an unconditional pledge is made or when cash is received if a pledge was not made. Contributions received are reported as unrestricted, temporarily restricted, or permanently restricted, based on donor intent.

Cash Equivalents

The Center considers all short term investments with original maturities of three months or less to be cash equivalents included in cash.

The Center's demand deposits with financial institutions at times exceeded federally insured limits. The Center has not experienced any losses in such accounts and management believes the Center is not exposed to any significant credit risks.

Accounts Receivable and Unconditional Promises to Give

Accounts receivable and promises to give are recorded at the amount the Center expects to collect on balances outstanding at the end of the fiscal year. Management closely monitors amounts receivable and charges off any balances that are determined to be uncollectible. At December 31, 2014, the Center's allowance for doubtful accounts was \$0. The Center had no bad debt expense for the year ended December 31, 2014.

CENTER FOR RESPONSIVE POLITICS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2014

Note 2. **Summary of Significant Accounting Policies: (Continued)**

Furniture and Equipment

Furniture and equipment are stated at cost. Depreciation is calculated on a straight line basis over a three year or five year estimated useful life. Leasehold improvements are depreciated over the life of the lease. The Center capitalizes property and equipment purchases of \$500 or more.

Accounting for Uncertainty in Income Taxes

The Center has adopted Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 740-10, *Income Taxes*, which prescribes measurement and disclosure requirements for current and deferred income tax provisions. The interpretation provides for a consistent approach in identifying and reporting uncertain tax positions. It is management's belief that the Center does not hold any uncertain tax positions.

The Center's Form 990, *Return of Exemption from Income Tax*, for the years ended 2011, 2012 and 2013 are subject to examination by the IRS, generally for three years after they were filed.

Classes of Net Assets

The Center is required to report its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Unrestricted net assets are contributions without a donor imposed time and/or program restriction. The funds are available for general operating purposes.

Temporarily restricted net assets are contributions with donor-imposed time and/or program restrictions. These temporary restrictions require that resources be used for specific purposes and/or in a later period or after a specified date. Temporarily restricted net assets become unrestricted when the time restrictions expire or the funds are used for their restricted purposes and are reported in the accompanying statement of activities as net assets released from restrictions. This method of accounting is also followed when the restrictions on contributions are met in the same period that the contributions are received.

Permanently restricted net assets must be maintained by the Center in perpetuity. There were no permanently restricted net assets as of December 31, 2014.

CENTER FOR RESPONSIVE POLITICS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2014

Note 2. **Summary of Significant Accounting Policies:** (Concluded)

Functional Allocation of Expenses

The allocation of the costs of providing various programs has been summarized on a functional basis in the accompanying statement of functional expenses. Accordingly, certain indirect costs have been allocated to program and supporting activities based on management's estimate of effort devoted to these activities.

Use of 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 3. **Tax Status:**

The Center has been recognized as exempt from federal income tax by the Internal Revenue Service under the provisions of Section 501(c)(3) of the Internal Revenue Code, and is classified as an organization that is not a private foundation.

Note 4. **Unconditional Promises to Give:**

Unconditional promises to give are due in one year or less. The balance of unconditional promises to give at December 31, 2014 was \$485,000.

Note 5. **Retirement Plan:**

The Center maintains a qualified defined contribution retirement plan for its employees. All employees of the Center are eligible to participate in elective deferrals up to the maximum allowed by law. Employees completing six months of service qualify for employer contributions up to 2% of employee's salary. The employer contributions are discretionary. The retirement expense for the year ended December 31, 2014 was \$16,292 and is included in "salaries, payroll taxes and employee benefits" in the accompanying statement of functional expenses.

CENTER FOR RESPONSIVE POLITICS
NOTES TO FINANCIAL STATEMENTS (CONCLUDED)
DECEMBER 31, 2014

Note 6. Operating Lease:

The Center leases office space under various lease agreements that extend to September 30, 2017. Future minimum rental payments under the lease are as follow for the years ending December 31:

2015		\$	186,416
2016			191,078
2017			<u>146,494</u>
Total			<u>\$ 523,988</u>

Rent expense for the year ended December 31, 2014 was \$181,343. Including utilities, storage and parking, office occupancy cost was \$191,049.

Note 7. Temporarily Restricted Net Assets:

At December 31, 2014 temporarily restricted net assets consisted of the following:

Time Restricted - General Support		\$	475,000
Strategic Planning			<u>25,000</u>
Total			<u>\$ 500,000</u>

Note 8. Subsequent Events:

The Center has evaluated all subsequent events through September 25, 2015 which is the date the financial statements were available to be issued. No subsequent events requiring disclosure were identified based on this evaluation.

