

CENTER FOR RESPONSIVE POLITICS
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2015

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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, 2015 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, 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.

Chaconas & Wilson, P.C.

Washington, DC
October 11, 2016

CENTER FOR RESPONSIVE POLITICS

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2015

ASSETS

CURRENT ASSETS:

Cash and cash equivalents (Note 2)	\$ 2,118,233
Contract receivable	40,000
Contributions receivable (Notes 2 and 4)	585,750
Prepaid expenses	6,948
Total Current Assets	<u>\$ 2,750,931</u>

PROPERTY AND EQUIPMENT, at cost (Note 2)

Furniture and equipment	\$ 62,755
Leasehold improvement	22,171
Total Property and Equipment	<u>\$ 84,926</u>
Less: accumulated depreciation	(54,835)
Property and Equipment, net	<u>\$ 30,091</u>

OTHER ASSETS:

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

\$ 2,809,907

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts payable	\$ 12,605
Accrued payroll	71,786
Total Current Liabilities	<u>\$ 84,391</u>

NET ASSETS:

Unrestricted (Note 2)	\$ 1,787,705
Temporarily restricted (Notes 2 and 7)	937,811
Total Net Assets	<u>\$ 2,725,516</u>

TOTAL LIABILITIES AND NET ASSETS

\$ 2,809,907

The accompanying notes are an integral part of this statement.

CENTER FOR RESPONSIVE POLITICS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2015

	Unrestricted	Temporarily Restricted	Total
REVENUES:			
Contributions (Note 2)	\$ 844,975	\$ 1,062,500	\$ 1,907,475
Contract fees	70,002	-	70,002
Library services	4,704	-	4,704
Interest Income	12,365	-	12,365
Other Income	10,266	-	10,266
Net assets released from restriction:			
Satisfaction of time restriction	624,689	(624,689)	-
	\$ 1,567,001	\$ 437,811	\$ 2,004,812
PROGRAM AND SUPPORT SERVICES EXPENSES:			
Program services:			
Research and analysis	\$ 711,362	\$ -	\$ 711,362
Education and outreach	761,076	-	761,076
Total Program Expenses	\$ 1,472,438	\$ -	\$ 1,472,438
Supporting services:			
Management and general	\$ 157,974	\$ -	\$ 157,974
Grant development	171,923	-	171,923
Total Supporting Expenses	\$ 329,897	\$ -	\$ 329,897
Total Expenses	\$ 1,802,335	\$ -	\$ 1,802,335
CHANGE IN NET ASSETS	\$ (235,334)	\$ 437,811	\$ 202,477
NET ASSETS, BEGINNING OF YEAR	2,023,039	500,000	2,523,039
NET ASSETS, END OF YEAR	\$ 1,787,705	\$ 937,811	\$ 2,725,516

The accompanying notes are an integral part of this statement.

CENTER FOR RESPONSIVE POLITICS
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2015

	Program Services		Supporting Services		Total	
	Research and Analysis	Education and Outreach	Management and General	Grant Development		Supporting Services
Accounting services	\$ 8,254	\$ 8,942	\$ 1,538	\$ 2,082	\$ 3,620	\$ 20,816
Computer expense	3,645	3,949	679	920	1,599	9,193
Consulting fees	14,980	16,229	25,185	3,593	28,778	59,987
Contracts with service bureau	11,922	12,916	2,221	3,008	5,229	30,067
Depreciation	3,812	4,130	710	962	1,672	9,614
Insurance	2,642	2,862	492	666	1,158	6,662
Meetings and conferences	9,285	490	874	1,183	2,057	11,832
Occupancy, parking, utilities	83,123	90,050	15,484	20,968	36,452	209,625
Office	68	73	4,650	-	4,650	4,791
Online service	5,708	6,184	1,063	1,440	2,503	14,395
Postage and delivery	947	1,026	176	239	415	2,388
Printing and production	3,178	3,443	592	802	1,394	8,015
Repairs and maintenance	846	917	158	213	371	2,134
Salaries, payroll taxes	529,260	573,365	98,592	133,509	232,101	1,334,726
employee benefits	24,495	26,537	-	-	-	51,032
Subscriptions	2,198	2,382	410	555	965	5,545
Supplies	4,879	5,285	909	1,231	2,140	12,304
Telephone	2,120	2,296	4,241	552	4,793	9,209
Travel						
Total Expenses	\$ 711,362	\$ 761,076	\$ 157,974	\$ 171,923	\$ 329,897	\$ 1,802,335

The accompanying notes are an integral part of this statement.

CENTER FOR RESPONSIVE POLITICS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ 202,477
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	9,614
Change in assets and liabilities:	
Increase in contracts receivable	(40,000)
Increase in contributions receivable	(100,750)
Decrease in prepaid expense	17,473
Decrease in accounts payable	(9,113)
Increase in accrued payroll	11,164
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Net Cash Provided By Operating Activities	\$ 90,865
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of property and equipment	(17,759)
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NET INCREASE IN CASH AND CASH EQUIVALENTS	\$ 73,106
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	2,045,127
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CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 2,118,233
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The accompanying notes are an integral part this statement.

CENTER FOR RESPONSIVE POLITICS

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

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.

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 and Contributions Receivable

Accounts and contributions receivables 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, 2015, the Center's allowance for doubtful accounts was \$0. The Center had no bad debt expense for the year ended December 31, 2015.

CENTER FOR RESPONSIVE POLITICS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2015

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 2012, 2013 and 2014 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, 2015.

CENTER FOR RESPONSIVE POLITICS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2015

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. **Contributions Receivable:**

Contributions receivable are due in one year or less. The balance of contributions receivable at December 31, 2015 was \$585,750.

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 by electing to make salary 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, 2015 was \$15,499 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, 2015

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:

2016	\$ 191,078
2017	146,494
Total	<u>\$ 337,572</u>

Rent expense for the year ended December 31, 2015 was \$181,343. Including utilities, storage and parking, office occupancy cost was \$209,625.

Note 7. **Temporarily Restricted Net Assets:**

At December 31, 2015 temporarily restricted net assets consisted of the following:

Education and Outreach	\$ 400,311
Time Restricted – General Support	425,000
Website development	112,500
Total	<u>\$ 937,811</u>

Note 8. **Subsequent Events:**

The Center has evaluated all subsequent events through October 11, 2016 which is the date the financial statements were available to be issued. No subsequent events requiring disclosure were identified based on this evaluation.

