CENTER FOR RESPONSIVE POLITICS

FINANCIAL STATEMENTS

DECEMBER 31, 2018

CENTER FOR RESPONSIVE POLITICS

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Independent Auditors' Report

To the Board of Directors of
Center for Responsive Politics
Washington, D.C.

We have audited the accompanying financial statements of Center for Responsive Politics (the Center), which comprise the statement of financial position as of December 31, 2018, 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.

Auditors' 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 auditors' 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 auditors consider 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 as of December 31, 2018, 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.

Emphasis of Matter

As discussed in Note 3 of the financial statements, the Center adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

Councilor, Buchanan & Mitchell, P.C.

Washington, D.C.
October 17, 2019

Certified Public Accountants

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2018

Assets

Current Assets	
Cash and Cash Equivalents	$ 564,298
Investments	1,084,293
Accounts Receivable	5,482
Contributions Receivable	28,753
Prepaid Expenses	30,181
Total Current Assets	1,713,007
Noncurrent Assets	
Security Deposits	29,000
Property and Equipment (Net of Accumulated Depreciation of $248,125)	548,444
Total Noncurrent Assets	577,444
Total Assets	$ 2,290,451

Liabilities and Net Assets

Current Liabilities	
Accounts Payable	$ 49,438
Accrued Payroll	113,970
Total Current Liabilities	163,408
Noncurrent Liabilities	
Deferred Rent	418,525
Total Noncurrent Liabilities	418,525
Total Liabilities	581,933
Net Assets	
Without Donor Restrictions	1,515,979
With Donor Restrictions	192,539
Total Net Assets	1,708,518
Total Liabilities and Net Assets	$ 2,290,451

See accompanying Notes to Financial Statements.

CENTER FOR RESPONSIVE POLITICS

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Contributions	$ 623,069	$ 375,000	$ 998,069
Contract Fees	38,030	-	38,030
Library Services	11,654	-	11,654
Investment Loss	(29,050)	-	(29,050)
Other Income	6,514	-	6,514
Net Assets Released from Restrictions			
Satisfaction of Program Accomplishments			
or Time Restrictions	982,461	(982,461)	-
Total Revenue and Support	1,632,678	(607,461)	1,025,217
Expenses			
Program Services			
Research and Analysis	881,305	-	881,305
Education and Outreach	926,652	-	926,652
Total Program Services	1,807,957	-	1,807,957
Supporting Services			
Management and General	218,519	-	218,519
Fundraising	213,172	-	213,172
Total Supporting Services	431,691	-	431,691
Total Expenses	2,239,648	-	2,239,648
Change in Net Assets	(606,970)	(607,461)	(1,214,431)
Net Assets, Beginning of Year	2,122,949	800,000	2,922,949
Net Assets, End of Year	$ 1,515,979	$ 192,539	$ 1,708,518

See accompanying Notes to Financial Statements.

CENTER FOR RESPONSIVE POLITICS

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018

	Program Services			Supporting Services			
	Research and Analysis	Education and Outreach	Total Programs	Management and General	Fundraising	Total Supporting Services	Total
Accounting	$ -	$ -	$ -	$ 37,755	$ -	$ 37,755	$ 37,755
Computer Expense	3,062	3,317	6,379	632	586	1,218	7,597
Consulting Fees	-	-	-	-	47,307	47,307	47,307
Contract Service Bureaus	3,202	3,469	6,671	661	612	1,273	7,944
Depreciation	48,718	52,778	101,496	10,059	9,311	19,370	120,866
Employee Benefits	52,113	56,456	108,569	10,760	9,960	20,720	129,289
Insurance	3,296	3,571	6,867	681	630	1,311	8,178
Meetings and Conferences	27,257	1,435	28,692	2,844	2,632	5,476	34,168
Occupancy	64,341	69,702	134,043	13,285	12,297	25,582	159,625
Office	10,100	10,944	21,044	2,087	1,930	4,017	25,061
Online Service	26,662	28,883	55,545	5,505	5,096	10,601	66,146
Payroll Taxes	44,796	48,529	93,325	9,248	8,562	17,810	111,135
Postage and Delivery	724	784	1,508	149	138	287	1,795
Printing and Production	1,802	1,952	3,754	372	344	716	4,470
Repairs and Maintenance	338	366	704	70	65	135	839
Retirement	7,858	8,512	16,370	1,622	1,502	3,124	19,494
Salaries	579,143	627,404	1,206,547	119,578	110,692	230,270	1,436,817
Supplies	3,234	3,503	6,737	668	618	1,286	8,023
Telephone	1,503	1,628	3,131	310	287	597	3,728
Travel	3,156	3,419	6,575	2,233	603	2,836	9,411
Total Expenses	$ 881,305	$ 926,652	$ 1,807,957	$ 218,519	$ 213,172	$ 431,691	$ 2,239,648

See accompanying Notes to Financial Statements.

CENTER FOR RESPONSIVE POLITICS

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018

Cash Flows from Operating Activities	
Change in Net Assets	$ (1,214,431)
Adjustments to Reconcile Change in Net Assets	
to Net Cash Provided by Operating Activities	
Depreciation and Amortization	120,866
Unrealized Loss on Investments	57,543
(Increase) Decrease in Assets	
Accounts Receivable	10,518
Contributions Receivable	1,271,247
Security Deposit	28,885
Prepaid Expenses	(1,705)
Increase (Decrease) in Liabilities	
Accounts Payable	(100,156)
Accrued Payroll	24,525
Deferred Rent	34,437
Net Cash Provided by Operating Activities	231,729
Cash Flows from Investing Activities	
Purchases of Investments	(328,760)
Withdrawals of Investments	400,000
Purchases of Property and Equipment	(5,334)
Net Cash Provided by Investing Activities	65,906
Net Increase in Cash and Cash Equivalents	297,635
Cash and Cash Equivalents, Beginning of Year	266,663
Cash and Cash Equivalents, End of Year	$ 564,298

See accompanying Notes to Financial Statements.

1. ORGANIZATION

The Center for Responsive Politics (the Center) is a nonprofit corporation that educates the American public on money's role in politics and policy by conducting and distributing its nonpartisan research and reporting on campaign finance and other money-in-politics issues. The Center's program areas are:

Research and Analysis - The Center's research and reporting teams compile the Center's data and put it into context, pointing out trends in campaign finance and lobbying, 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, politics and policy. Freely available, easy-to-use databases track federal campaign contributions, lobbying and other data sets in a variety of illuminating ways, such as by industry and interest group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements are presented on the accrual basis of accounting. Consequently, revenue is recognized when earned and expenses when incurred.

Financial Statement Presentation

The Center has presented its financial statements in accordance with U.S. generally accepted accounting principles. Under those principles, the Center is required to report information regarding its financial position and activities according to two classes of net assets:

Net Assets Without Donor Restrictions - Resources that are available for general operations and resources designated by the Center's board of directors for approved expenditures.

Net Assets With Donor Restrictions - Resources that are subject to donor-imposed restrictions; temporary or permanent. Temporary restrictions are restrictions that expire either by passage of time or fulfillment of purpose by actions of the Center. Permanent restrictions are those restrictions that neither expire by passage of time nor fulfillment of purpose.

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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and 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 loses in such accounts and management believes the Center is not exposed to any significant credit risks.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable and Contributions

Accounts and contributions receivable are recorded at the amount the Center expects to collect on balances outstanding at the end of the fiscal year. Management closely monitors accounts receivable and charges off any balances that are determined to be uncollectible. At December 31, 2018, the Center's allowance for doubtful accounts was $-0-. The Center had no bad debt expense for the year ended December 31, 2018.

Fixed Assets

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.

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 net assets with donor restrictions or net assets without donor restrictions based on donor intent.

Investments

The Center's investments are recorded at fair market value.

Expense Allocation

The costs of providing various programs and supporting services are summarized on a functional basis in the statement of activities and the statement of functional expenses. Expenses that are directly associated with a particular program or supporting service are charged directly to that functional area. Other operating expenses have been allocated among the program and supporting services benefited, based on documentation of employee time and effort.

Income Taxes

The Center has adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740-10, *Accounting for Uncertainty in 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 provisions. It is management's belief that the Center does not hold any uncertain tax positions.

3. ADOPTION OF ACCOUNTING STANDARDS UPDATE 2016-14

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities.* The amendments in this ASU made improvements to the information provided in financial statements and accompanying notes of not-for-profit entities. The amendments set forth the FASB's improvements to net asset classification requirements and

3. ADOPTION OF ACCOUNTING STANDARDS UPDATE 2016-14 (CONTINUED)

the information presented about a not-for-profit's liquidity, financial performance, and cash flows. The ASU became effective for fiscal years beginning after December 15, 2017. See Note 5 for the disclosure of the Center's liquidity at December 31, 2018.

4. 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.

5. LIQUIDITY

Liquidity and Available Resources

The Center's cash flows have seasonal variations due to the timing of contributions. The Center manages its liquidity to meet general expenditures, liabilities, and other obligations as they become due.

Qualitative Analysis

As of December 31, 2018, the following financial assets and liquidity sources were available for general operating expenditures in the year ending 2019.

Financial Assets	
Cash and Cash Equivalents	$ 564,298
Investments	1,084,293
Contribution Receivable	28,753
Accounts Receivable	5,482
Total Financial Assets and Liquidity Resources Available within One Year	$ 1,682,826

6. INVESTMENTS

Investments are stated at fair value based on quoted market prices. At December 31, 2018, the balance of investments was $1,084,293 and consisted of money market, mutual funds, and equities.

At December 31, 2018, investment loss consisted of the following:

Interest and Dividends	$ 28,493
Unrealized Gain (Loss)	(57,543)
Total Investment Return	$ (29,050)

7. FAIR VALUE OF MEASUREMENTS

FASB ASC 820-10, *Fair Value Measurements and Disclosures*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. In accordance with FASB ASC 820-10, fair value is defined as the price the Center would receive to sell an investment

7. FAIR VALUE OF MEASUREMENTS (CONTINUED)

or to pay to transfer a liability in an orderly transaction with an independent counter-party in the principal market, or in the absence of a principal market, the most advantageous market for the investment or liability. The FASB ASC 820-10 hierarchy consists of three broad levels. Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets that the Center had the access to at the measurement date and have the highest priority. Level 2 inputs consist of observable inputs other than quoted prices for identical assets. Level 3 inputs are unobservable inputs for the asset and have the lowest priority. The Center uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. The Center did not have any Level 2 or Level 3 inputs at December 31, 2018.

	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Cash and Money Market Funds	$ 308,809	$ 308,809	$ -	$ -
Mutual Funds	5,965	5,965	-	-
Equities	769,519	769,519	-	-
Total	$ 1,084,293	$ 1,084,293	$ -	$ -

8. CONTRIBUTIONS RECEIVABLE

All contributions receivable are due in one year or less. The balance of contributions receivable at December 31, 2018, was $28,753.

9. 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 at the discretion of the Board of Directors. The retirement expense for the year ended December 31, 2018, was $19,494 and is included in salaries, payroll taxes, and employee benefits in the accompanying statement of functional expenses.

10. OPERATING LEASE

The Center entered into a new lease agreement on October 1, 2017, that continues until June 1, 2028. Under accounting principles generally accepted in the United States of America (GAAP) all rental payments are recognized on a straight-line basis over the term of the lease. The difference between the GAAP rent expense and the required lease payment is reflected as deferred rent in the accompanying statement of financial position.

10. OPERATING LEASE (CONTINUED)

Future minimum payments for the lease are as follows:

For the Years Ending December 31,		
2019	$	178,970
2020		183,450
2021		188,049
2022		192,745
2023		197,570
2024 and Thereafter		933,512
Future Minimum Rental Payments	$	1,874,296

Occupancy expense for the year ended December 31, 2018, was $159,625 including $5,262 for utilities, storage, and parking.

11. NET ASSETS WITH DONOR RESTRICTIONS

The following is an analysis of restricted net assets at December 31, 2018:

Research and Analysis	$	192,539

12. SUBSEQUENT EVENTS

The Center evaluated subsequent events through October 17, 2019, which is the date the financial statements were available to be issued.