

Represent.Us
Financial Statements
December 31, 2018

**Represent.Us
Financial Statements
December 31, 2018**

Table of Contents

Independent Auditor's Report	1
Financial Statements:	
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**

Report on the Financial Statements

We have audited the accompanying statement of financial position of Represent.Us (a nonprofit organization) as of December 31, 2018, 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 in the first paragraph, present fairly in all material respects, the financial position of Represent.Us as of December 31, 2018, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Nolan, Calcasola & CO, P.C.

East Longmeadow, Massachusetts
November 1, 2019

Represent.Us
Statement of Financial Position
December 31, 2018

Assets

Current Assets:

Cash and Cash Equivalents	\$ 366,805
Fundraising Receivable	201,056
Grant Receivable	175,426
Due from Affiliate	<u>18,972</u>

Total Current Assets 762,259

Website Development (Net of Amortization of \$53,898) -

Other Assets:

Intangible Assets - Brand	<u>117,832</u>
---------------------------	----------------

Total Assets **\$ 880,091**

Liabilities and Net Assets

Current Liabilities:

Board Loan	\$ 75,000
Accounts Payable	<u>500</u>

Total Current Liabilities 75,500

Net Assets:

Without Donor Restrictions	<u>804,591</u>
----------------------------	----------------

Total Net Assets 804,591

Total Liabilities and Net Assets **\$ 880,091**

Changes in Net Assets Without Donor Restrictions

Revenues and Support:

Grant Income	\$ 1,260,631
Contributions	1,011,207
Membership Contributions	245,354
Foundation Donations	202,500
Campaign Contributions	170,000
Fundraising	120,571
Eventbrite	109,514
In Kind Income	<u>38,971</u>

Total Revenues and Support Without Donor Restictions **3,158,748**

Expenses:

Program Expenses	2,719,413
Management and General	177,150
Development Expenses	<u>197,419</u>

Total Expenses **3,093,982**

Increase in Net Assets Without Donor Restriction 64,766

Net Assets at Beginning of Year 739,825

Net Assets at End of Year **\$ 804,591**

Represent.Us
Statement of Cash Flows
Year Ended December 31, 2018

Increase (Decrease) in Cash and Cash Equivalents

Cash Flows From Operating Activities:

Change in Net Assets **\$ 64,766**

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

Depreciation	2,875
(Increase) Decrease in Grants Receivable	(16,217)
(Increase) Decrease in Fundraising Receivable	(93,749)
(Increase) Decrease in Due from Affiliate	14,171
Increase (Decrease) in Accounts Payable	<u>(6,101)</u>

Net Cash Used By Operating Activities (34,255)

Cash Flows From Financing Activities:

Loan Repayments	<u>(75,000)</u>
-----------------	-----------------

Net Cash Used by Financing Activities (75,000)

Net Decrease in Cash and Cash Equivalents **(109,255)**

Cash and Cash Equivalents at Beginning of Year 476,060

Cash and Cash Equivalents at End of Year **\$ 366,805**

Supplemental Data

Interest Paid	<u><u>\$ 28</u></u>
---------------	---------------------

Represent.Us
Statement of Functional Expenses
Year Ended December 31, 2018

	<u>Public Education & Communications</u>	<u>Unrig</u>	<u>Grassroots Lobbying</u>	<u>Direct Lobbying</u>	<u>Research & Planning</u>	<u>Total Program</u>	<u>Fundraising</u>	<u>Management & General</u>	<u>Total</u>
Expenses:									
Salaries	\$ 428,336	\$ 138,850	\$ 2,551	\$ 121,496	\$ 187,758	878,991	\$ 85,275	\$ 93,922	\$ 1,058,188
Consulting	269,917	168,719	14	71,946	43,651	554,247	43,580	6,856	604,683
Grants & Cost Share	-	-	-	513,493	-	513,493	-	-	513,493
Communication Costs	72,888	120,647	14	3,722	663	197,934	19,089	365	217,388
Advertising & Promotion	44,294	2,419	-	101,124	-	147,837	-	228	148,065
Employee Benefits	55,049	17,545	450	14,140	20,290	107,474	9,789	10,389	127,652
Travel	24,688	59,601	79	20,378	2,942	107,688	13,528	2,325	123,541
Occupancy	41,208	12,494	281	18,638	14,766	87,387	6,788	7,244	101,419
Payroll Taxes	32,813	17,723	227	9,777	14,236	74,776	5,752	6,407	86,935
Office Expenses	14,172	21,269	87	2,650	4,078	42,256	13,254	19,025	74,535
Professional Services	125	-	3	-	43	171	38	20,788	20,997
Insurance	1,955	655	11	506	737	3,864	311	6,708	10,883
Conferences & Meetings	3,043	-	-	-	38	3,081	-	-	3,081
Amortization	-	-	-	-	-	-	-	2,875	2,875
Information Technology	102	39	1	12	36	190	13	16	219
Interest	17	-	1	2	4	24	2	2	28
Total Expenses	\$ 988,607	\$ 559,961	\$ 3,719	\$ 877,884	\$ 289,242	\$ 2,719,413	\$ 197,419	\$ 177,150	\$ 3,093,982

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

1. Organization and Nature of Operations

RepresentUs (“the Organization” or “RU”) was incorporated in 2008 as Change Congress, and subsequently conducted business as the Democracy Action Fund, United Republic Action Fund, and United Republic.

RepresentUs is a national, non-partisan, nonprofit 501(c)(4) organization challenging the undue influence of well-financed interests over American politics. RepresentUs promotes political moderation, integrity, accurate representation, and competition through structural policy reforms. RepresentUs brings together conservatives, progressives, and everyone between to pass powerful anti–corruption laws that fix broken elections, stop political bribery, and give voters a stronger voice. The Organization’s principal program service activities during 2018 consisted of the following:

Public Education and Communications

To fix our democracy, RepresentUs is mobilizing a massive grassroots movement centered around a suite of smart, bold, common-sense policy solutions. RepresentUs has the democracy movement’s most vibrant and recognizable brand. RU has grown the largest and most active online community in the field, with digital content that breaks through the noise and engages diverse audiences. In this way, RU recruits and engages an army of politically savvy, impassioned advocates. RepresentUs executes ambitious public education and marketing campaigns that inspire people to take meaningful action. As new supporters are on-boarded, RU provides a continual flow of topical content that emphasizes movement victories, tells stories about remarkable volunteers, and prompts users to engage. RU content shows new supporters that winning is not only possible but actually happening, and by doing so, empowers social media supporters to take higher-level actions.

RepresentUs content advances the national conversation about comprehensive political reform, and changes American political culture by increasing the demand for transformative democratic reform.

This content amplified the voter education efforts of grassroots campaigns across the country. During 2018, RepresentUs published more than 100 original videos to social platforms, accruing more than 25 million views. RU social media channels expanded, and RU increased its email membership list by 18% in the period. RU’s social media communities continue to grow, and their engagement levels remain among the highest in the advocacy field.

Grassroots Organizing, Advocacy and Lobbying

When supporters recruited through our digital program are ready to take action, RepresentUs brings them into our national digital volunteer network, hosted on the web platform Discord. Discord enables activists to communicate with one another and learn about the policies and politics of the reform field. This national community provides online trainings and skills-building workshops, including traditional organizing skills like phone banking, event planning, and writing letters to the editor. RU also offers opportunities for activists to learn new media content development, SMS text-banking, online fundraising, and the steps involved in passing a non-binding resolution in their own community. This platform facilitates invaluable connections between activists, organizers, and leaders. It provides opportunities for volunteers to become leaders. More than 3,500 volunteers activists joined the community in 2018.

National Convenings

In 2018, RepresentUs launched the inaugural Unrig the System Summit in New Orleans, Louisiana. The Summit was a three-day, solutions-oriented gathering of democracy reform groups, academics, activists, journalists, nonprofit leaders, tech innovators, and elected officials who came together to develop post-partisan policy solutions for the most pressing democratic reform issues facing our nation. Later in the year, we convened and connected experts and in-state advocates to both bolster current campaigns and strengthen the foundation for effective redistricting and public financing reforms.

2. Summary of Significant Accounting Policies

The organization prepares its financial statements in accordance with generally accepted accounting principles promulgated in the United States of America (U.S. GAAP) for not-for-profit entities. The significant accounting and reporting policies used by the organization are described subsequently to enhance the usefulness and understandability of the financial statements.

2. Summary of Significant Accounting Policies (continued)

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.

Net Assets

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Net Assets Without Donor Restrictions

Net assets without donor restrictions are resources available to support operations. The only limits on the use of these net assets are the broad limits resulting for the nature of the organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net Assets With Donor Restrictions

Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the organization must continue to use the resources in accordance with the donor's instructions.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Currently, the Organization has only net assets without donor restrictions of \$804,591.

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restrictions.

Any contributions received in the form of equitable securities are transferred to the Organization's investment account. These equitable securities are sold as quickly as possible. There may be instances where equitable securities are held for a short period due to the timing of when the security is sold. These items are shown as temporary investments on the balance sheet.

2. Summary of Significant Accounting Policies (continued)

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.

Advertising and Promotion

The cost of advertising and program promotion is expensed as incurred.

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.

Classification of Transactions

All revenues and net gains are reported as increases in net assets without donor restrictions in the statement of activities unless the donor specified the use of the related resources for a particular purpose which is not consumed in the current period because an event has not occurred or the expiration of time has not occurred.

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 expense as incurred.

3. Fair Value of Financial Instruments

Current Assets and Current Liabilities

The carrying amount approximates fair value because of the short maturity of those instruments.

4. 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.

5. 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)(4) 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 2015.

The Organization's policy is to classify income tax related interest and penalties in interest expense and other expenses, respectively.

6. Amortizable Assets

Amortizable assets consisted of the following at December 31, 2018:

Website Development	\$	53,898
Less: Accumulated Amortization		<u>(53,898)</u>
Net Amortizable Assets	<u>\$</u>	<u>-</u>

Amortization charged to expense for the year ended December 31, 2018 was \$2,875.

7. Intangible Assets - Brand

In 2011, the Organization acquired certain intangible assets comprising the Represent.Us brand previously owned by the Represent.Us Education Fund including website, donor and mailing lists. Since the assets have indefinite life, they are not amortized. Additions which enhance the brand are capitalized at cost. As of the balance sheet date the amount of intangible assets - brand are \$117,832.

8. Fundraising Activities

The Organization engaged in fundraising activities during 2018. The fundraising campaign was contracted through Omaze, Inc. a professional fundraiser. The agreement with Omaze, Inc. was to provide the services of running the campaign for a percentage of the total money raised. In 2018, RU reported net revenues of \$120,571 from Omaze, Inc. of which \$120,571 was recorded as a contribution receivable as of December 31, 2018. The amount was paid in 2019.

9. Fundraising Receivable

The Organization receives fundraising contributions throughout the year. As of December 31, 2018, the Organization has contributions receivable of \$201,056. Of this amount, \$120,571 is attributable to the professional fundraiser, Omaze, see note 8 for more information on this. The other amounts of \$80,485 are composed of amounts from individual donors.

10. Related Party Transactions

The Represent.Us Education Fund (RUEF) a 501(c)(3) organization is related to the Organization. Two board members of the Organization are board members of the RU's eight member board. The Organization shares resources for operations with RUEF. 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 had a receivable of from RUEF \$18,972 for shared operating costs.

During the year the Organization was awarded grants from RUEF for \$1,260,631 for programs, of which, \$175,426 was due to the Organization as of December 31, 2018.

Board Loan

The board loan is from a member of the Board of Directors. Interest will accrue on the loan at 2% per annum compounded monthly, on any outstanding loan balance as of that date. As of December 31, 2018 the Organization owed \$75,000.

11. SEP IRA

The Organization maintains a SEP IRA for the benefit of its employees. Employees can make elective deferral into the SEP IRA from their pay. The Organization makes a matching contribution to all eligible employees, which is 3% of the employee wages. The elective contribution is subject to rules limiting eligibility to employees that make greater than \$5,000. For the year ended December 31, 2018, the Simple IRA expense was \$15,834.

12. Liquidity and Availability

The Organization has \$762,259 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditure consisting of cash of \$366,805, fundraising receivable of \$201,056, grants receivable of \$175,426, and due from affiliate of \$18,972. None of the financial assets are subject to donor restrictions to be used for a specific purpose. The grants receivable were received subsequent to balance sheet date. The Organization has a goal to maintain financial assets, which consist of cash and investments, on hand to meet 90 days of normal operating expense, which are, on average, approximately \$775,000. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, as part of its liquidity management, The Organization invests cash in excess of daily requirements in various short-term investments, including money market funds.

13. Subsequent Events

Subsequent events have been evaluated through November 1, 2019, which is the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.