

Represent.Us
Financial Statements
December 31, 2020

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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**

Opinion

We have audited the accompanying financial statements of Represent.Us (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020 and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Represent.Us as of December 31, 2020, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Represent.Us and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Nolan, Calcasola & CO, P.C.

East Longmeadow, Massachusetts
October 28, 2021

Represent.Us
Statement of Financial Position
December 31, 2020

Assets

Current Assets:

Cash and Cash Equivalents	\$ 2,831,758
Grant Receivable	408,203
Due from Affiliate Cost Sharing Advance	35,031
Prepaid Expenses	<u>4,389</u>

Total Current Assets 3,279,381

Intangible Assets:

Website Development (Net of Amortization of \$53,898)	-
Brand	<u>117,832</u>

Total Intangible Assets 117,832

Total Assets \$ 3,397,213

Liabilities and Net Assets

Current Liabilities:

Accrued Expenses	\$ 57,921
Accounts Payable	<u>24,010</u>

Total Current Liabilities 81,931

Net Assets:

Without Donor Restrictions	3,184,648
With Donor Restrictions	<u>130,634</u>

Total Net Assets 3,315,282

Total Liabilities and Net Assets \$ 3,397,213

Represent.Us
Statement of Activities
Year Ended December 31, 2020

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Revenues and Support:			
Grant Income	\$ 321,912	\$ 543,203	\$ 865,115
Membership Contributions	-		-
Foundation Donations	-		-
Contributions	4,618,894		4,618,894
Net Assets Released from Expiring Time and Purpose Restrictions	<u>412,569</u>	<u>(412,569)</u>	<u>-</u>
Total Revenues and Support	5,353,375	130,634	5,484,009
Expenditures:			
Program Activities	2,896,174		2,896,174
Management and General	276,307		276,307
Fundraising and Development	<u>342,911</u>		<u>342,911</u>
Total Expenditures	3,515,392		3,515,392
Increase in Net Assets Without Donor Restrictions	1,837,983	130,634	1,968,617
Net Assets at Beginning of Year	<u>1,346,665</u>	<u>-</u>	<u>1,346,665</u>
Net Assets at End of Year	<u>\$ 3,184,648</u>	<u>\$ 130,634</u>	<u>\$ 3,315,282</u>

Represent.Us
Statement of Functional Expenses
Year Ended December 31, 2020

	Education and Communications	Other Projects	Grassroots Lobbying	Direct Lobbying	Research and Planning	Total Program Activities	Fundraising and Development	Management and General	Total Expenditures
Expenses:									
Salaries	\$ 873,961	74	\$ 89,217	\$ 104,288	\$ 141,201	\$ 1,208,741	\$ 178,057	\$ 167,803	\$ 1,554,601
Consulting	359,827	85,501	150	298,280	105,624	849,382	31,647	10,213	891,242
Advertising & Promotion	160,290	2,478	38,707	490	-	201,965	8,673	228	210,866
Communication Costs	82,687		74,155	4,400	292	161,534	20,612	329	182,475
Employee Benefits	88,462	9	8,536	10,046	13,841	120,894	18,719	17,256	156,869
Retirement Contribution	14,660	1	1,494	1,817	2,140	20,112	3,525	3,309	26,946
Grants & Cost Share	-	-	-	66,250		66,250			66,250
Office Expenses	26,573	1	1,182	5,309	1,838	34,903	52,359	14,102	101,364
Payroll Taxes	62,212	7	5,805	6,799	10,073	84,896	12,965	11,623	109,484
Occupancy	46,195	6	31,472	28,076	7,329	113,078	9,223	8,387	130,688
Travel	8,815	-	-	1,013	1,587	11,415	2,960	429	14,804
Professional Services	654	-	61	66	87	868	137	34,453	35,458
Insurance	2,522	-	199	232	360	3,313	588	4,823	8,724
Conferences & Meetings	699	-	-	-	-	699			699
Information Technology	13,642	-	1,239	1,710	1,533	18,124	3,446	3,352	24,922
Total Expenses	\$ 1,741,199	\$ 88,077	\$ 252,217	\$ 528,776	\$ 285,905	\$ 2,896,174	\$ 342,911	\$ 276,307	\$ 3,515,392

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

Represent.Us
Statement of Cash Flows
Year Ended December 31, 2020

Increase (Decrease) in Cash and Cash Equivalents

Cash Flows From Operating Activities:

Change in Net Assets **\$ 1,968,617**

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

(Increase) Decrease in Grants Receivable	(5,777)
(Increase) Decrease in Due from Affiliate	(143,481)
(Increase) Decrease in Other Receivables	7,172
(Increase) Decrease in Accrued Expenses	57,921
Increase (Decrease) in Accounts Payable	<u>(18,830)</u>

Net Cash Used By Operating Activities 1,865,622

Net Decrease in Cash and Cash Equivalents **1,865,622**

Cash and Cash Equivalents at Beginning of Year 966,136

Cash and Cash Equivalents at End of Year **\$ 2,831,758**

Supplemental Data

Interest and Taxes Paid \$ -

1. Organization and Nature of Operations

Represent.Us (“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.

Represent.Us is a national, non-partisan, nonprofit 501(c)(4) organization challenging the undue influence of well-financed interests over American politics. Represent.Us promotes political moderation, integrity, accurate representation, and competition through structural policy reforms. Represent.Us 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 2020 consisted of the following:

Public Education and Communications

To fix our democracy, Represent.Us is mobilizing a massive grassroots movement centered around a suite of smart, bold, common-sense policy solutions. Represent.Us 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. Represent.Us 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.

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

During 2020, Represent.Us published more than 100 original videos to social platforms, accruing more than 40 million views. RU social media channels expanded hitting 198 million impressions, and RU increased its email membership list by 66% 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, Represent.Us brings them into our national digital volunteer network, hosted on the web platform Slack. Slack 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 13,241 volunteers’ activists joined the community in 2020.

Represent.Us works with grassroots and grassroots leaders to lead reform at the state and local level. RU provides sophisticated political, legal, research, digital, and communication strategy, tactics, and support to community leaders looking to craft, run, and win campaigns that are politically viable and will positively impact the democratic structures. RU provides in-kind and direct support to ballot and legislative lobbying campaigns, and abides by all registration, filing and disclosure requirements per the relevant jurisdiction.

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 \$3,184,648 and net assets with donor restrictions of \$130,634.

Investments

The Organization records investments in marketable securities at fair market value and those 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.

2. Summary of Significant Accounting Policies (continued)

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 Organizations 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.

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. 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 2016.

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

5. Intangible Assets

Intangible assets consisted of the following at December 31, 2020:

Amortizable Assets

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, 2020 was \$0.

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.

6. 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 RUEF's thirteen-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 December 31, 2020, the Organization advanced RUEF \$35,031 for future costs to be incurred in 2021.

During the year the Organization was awarded grants from RUEF for \$730,115 for programs, of which, \$408,203 was due to the Organization as of December 31, 2020. Subsequent to year end December 31, 2020, a new formal resource agreement was executed between the Organization and RUEF.

7. Liquidity and Availability

The Organization has \$3,279,382 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures. The financial assets consist of cash of \$2,831,759, grants receivable of \$408,203, Due from Affiliate for Cost Advance and prepaid expenses of \$4,389. None of the financial assets are subject to donor restrictions except for \$205,914 to be used for a specific purpose in 2021. 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 \$878,850. 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.

8. Subsequent Events

Subsequent events have been evaluated through October 28, 2021. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required. The date the financial statements were available to be issued was October 29, 2021.