

***Represent.Us Education Fund  
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 Education Fund**

### **Opinion**

We have audited the accompanying financial statements of Represent.Us Education Fund (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 Education Fund 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 Education Fund 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 27, 2021

**Represent.Us Education Fund**  
**Statement of Financial Position**  
**December 31, 2020**

**Assets**

Current Assets:

Cash and Cash Equivalents	\$	3,888,838
Contribution Receivable		51,514
Prepaid Expenses		74,068

Total Current Assets 4,014,420

Property and Equipment (Net of Depreciation of (\$127,172)) 201,702

**Total Assets** **\$ 4,216,122**

**Liabilities and Net Assets**

Current Liabilities:

Refundable Advance Payroll Protection Loan	\$	522,383
Grants Payable		408,203
Payroll Liabilities		99,089
Accounts Payable		61,158
Due to Affiliate Advance for Cost Sharing		35,031
Credit Card Payable		10,758
Accrued Expenses		437

Total Current Liabilities 1,137,059

Net Assets:

Without Donor Restrictions 3,079,063

Total Net Assets 3,079,063

**Total Liabilities and Net Assets** **\$ 4,216,122**

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

**Changes in Net Assets Without Donor Restrictions:**

**Revenues and Support:**

Contributions	\$ 5,712,007
Foundation Donations	250,000
Other Income	16,002
Membership Contributions	<u>667,485</u>

6,645,494

**Total Revenues and Support**

**6,645,494**

**Expenditures:**

Program Activities	3,944,891
Management & General	1,032,239
Fundraising & Development	<u>712,762</u>

**5,689,892**

Increase in Net Assets Without Donor Restrictions

955,602

Net Assets at Beginning of Year

2,123,461

**Net Assets at End of Year**

**\$ 3,079,063**

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

	Awards and Grants	Education and Communication	Research and Planning	Other Projects	Total Program Activities	Fundraising and Development	Management and General	Total Expenditures
<b>Expenses:</b>								
Grants	\$ 730,115	\$ 103,250	\$ 11,000	\$ 11,195	\$ 855,560	-	-	\$ 855,560
Salaries	-	374,227	461,761	177,977	1,013,965	\$ 399,453	\$ 566,441	1,979,859
Consulting	-	963,458	277,338	(9,955)	1,230,841	101,072	78,561	1,410,474
Office Expenses	-	6,776	4,130	7,346	18,252	43,591	131,691	193,534
Communication Costs	-	84,230	434	20,175	104,839	21,931	2,151	128,921
Employee Benefits	-	41,617	52,149	18,245	112,011	43,873	56,581	212,465
Payroll Taxes	-	26,935	32,962	14,860	74,757	30,284	37,140	142,181
Occupancy	-	26,740	22,717	9,958	59,415	20,932	24,872	105,219
Retirement Contribution	-	9,465	12,355	2,591	24,411	8,696	11,802	44,909
Professional Services	-	338	412	143	893	333	46,411	47,637
Advertising & Promotion	-	354,060	-	33,866	387,926	22,269	-	410,195
Depreciation	-	-	-	-	-	-	17,351	17,351
Insurance	-	1,361	1,781	493	3,635	1,313	5,036	9,984
Travel	-	4,883	2,261	20,944	28,088	9,864	30,361	68,313
Conferences & Meetings	-	800	(249)	-	551	-	-	551
Information Technology	-	12,691	15,110	1,946	29,747	9,151	23,841	62,739
<b>Total Expenses</b>	<b>\$ 730,115</b>	<b>\$ 2,010,831</b>	<b>\$ 894,161</b>	<b>\$ 309,784</b>	<b>\$ 3,944,891</b>	<b>\$ 712,762</b>	<b>\$ 1,032,239</b>	<b>\$ 5,689,892</b>

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

**Represent.Us Education Fund**  
**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** **\$ 955,602**

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

Depreciation	17,351
(Increase) Decrease in Contribution Receivable	61,214
(Increase) Decrease in Due From Affiliate	143,481
(Increase) Decrease in Prepaid Expenses	(73,823)
(Increase) Decrease in Staff Advances	480
Increase (Decrease) in Grants Payable	5,777
Increase (Decrease) in Accounts Payable and Credit Card Payable	(24,063)
Increase (Decrease) in Accrued Expenses	437
Increase (Decrease) in Payroll Liabilities	<u>74,715</u>

Net Cash Provided by Operating Activities 1,161,171

Cash Flows From Investing Activities

Fixed Asset Purchases	<u>(70,124)</u>
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Net Cash Flows Used by Investing Activities (70,124)

Cash Flows From Financing Activities

Payroll Protection Loan	<u>522,383</u>
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Net Cash Flows From Financing Activities 522,383

**Net Increase in Cash and Cash Equivalents** **1,613,430**

Cash and Cash Equivalents at Beginning of Year 2,275,408

**Cash and Cash Equivalents at End of Year** **\$ 3,888,838**

**Supplemental Data**

Interest and Taxes Paid	<u>\$ -</u>
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## **1. Organization and Nature of Operations**

Represent.Us Education Fund (“the Organization” or “RUEF”) was incorporated in 2008 as the Change Congress Forum, and subsequently conducted business as the Change V2 Foundation, Democracy Fund, Fund for the Republic, and United Republic Education Fund.

Represent.Us Education Fund is a national, nonpartisan nonprofit 501(c3) organization working to educate the public on democratic reform efforts to fix our broken political system. Through education, research and grantmaking, RUEF promotes equality, ethics, and transparency in elections and government. The Organization’s principal activities during 2020 consisted of the following:

### **Awards and Grants**

In 2020, Represent.Us Education Fund made grants to Represent.Us to support public education, research, and cross-partisan outreach activities. Grant funds were used to develop multi-channel public-education campaigns to inform voters about the challenges faced by our democracy and on viable policy solutions. Funds were also used to promote educational content about popular, smart political reforms; to produce compelling videos; and to provide of-the-moment communications on news items impacting our democracy. Grantmaking also underwrote the recruitment and training of volunteers.

### **Education and Communications**

Represent.Us Education Fund elevates the national dialogue on democratic reform by taking complex ideas and presenting them in a way that resonates with diverse audiences. In March 2019, Represent.Us Education Fund held its second annual Unrig Summit in Nashville, Tennessee a three-day gathering of democracy reform groups, academics, activists, and influencers from across the political spectrum. The Summit is driven by the goal to create a collaborative network for the movement by bringing together passionate activists and advocates and creating opportunities to learn, share ideas, get inspired, and forge lasting relationships.

### **Research and Planning**

Represent.Us Education Fund conducts in-depth research related to campaign-finance and electoral-systems reform. Ongoing research aims to measure, track, and evaluate the impact of public policy on state and local communities.

## **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.

### **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.

### **Advertising and Promotion**

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



## **2. Summary of Significant Accounting Policies (continued)**

### **Shipping and Handling**

Shipping and handling costs are expenses as incurred.

### **Property and Equipment**

Property and equipment are valued at cost if purchased, and at fair market value if donated. 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.

### **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.

### **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 \$3,079,063.

### **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.

## **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.

### **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.

### **Concentrations**

#### **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.

## **3. Fair Value of Financial Instruments**

#### **Cash and Cash Equivalents**

The carrying amount approximates fair value because of the short maturity of those 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)(3) 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 2017.

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

## **6. Property and Equipment**

Property and equipment consisted of the following at December 31, 2020:

Leasehold Improvements	\$	199,774
Furniture & Equipment		129,100
		<u>328,874</u>
Less: Accumulated Depreciation		<u>(127,172)</u>
Net Property and Equipment	\$	<u>201,702</u>

Depreciation charged to expense for the year ended December 31, 2020 was \$17,351.

## **7. Related Party Transactions**

Represent.Us a 501(c)(4) organization is related to the Organization. Two board members of the Organization are board members of the Represent.Us eleven-member board. The Organization shares resources for operations with Represent.Us. The shared resources are charged to each entity on the basis of time and resource utilization studies. As of December 31, 2020, Represent.Us advanced to the Organization \$35,031 for future costs to be incurred in 2021. During the year the Organization made grants to Represent.Us in the amount of \$730,115 for programs, of which, \$408,203 was due as of December 31, 2020. Subsequent to year end December 31, 2020, a new formal agreement was executed between the Organization and Represent.Us.

## **8. 401(k) Plan**

The Organization currently maintains a 401(k) plan for the benefit of its employees. Employees can make elective deferrals from their salaries into the plan. 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, 2020, the 401(k) expense for the Organization was \$71,855 which includes \$26,946 reimbursed by Represent.Us. for a net cost to the Organization of \$44,909.

## **9. Contribution Receivable**

The Organization receives contributions throughout the year from various sources, such as foundations and individuals. As of the year ended December 31, 2020 the total amount of contributions receivable was \$51,514.

## **10. Leases**

The Organization leases its space in Florence, Massachusetts. The lease is classified as an operating lease. The lease commenced February 1, 2018, and runs until January 31, 2026. The monthly rent for the period January 1, 2020 to December 31, 2020 was \$9,313 per month for approximately 7,600 square feet. The rent per month for years ending December 31, 2021 and 2022 will be \$9,313 (Base Rent). Beginning on January 1, 2023 and on each remaining anniversary of the lease the Base Rent will increase by the multiplier obtained by dividing the most recent Consumer Price Index (All Urban Consumers Index), by the December 31, 2019 CPI-U index. The lease requires the Organization to pay additional rent for general real estate taxes and necessary operating expenses of the building. The Organization's share of these additional items is 7%.

The total future minimum lease payments for the term of the lease through January 31, 2026 is \$568,093.

## **11. Refundable Advance Payroll Protection Loan**

The Organization during the year applied to the Small Business Administration for a loan from the Payroll Protection Program. The Program is administered by the Small Business Administration as a result of legislation passed by Congress to ameliorate the economic effects of COVID 19. The loan was based on certain criteria (expenses) such as payroll costs, rent and utilities paid during an 8-week or 24-week period. If the stated criteria are met the loan will be forgiven. The Organization has elected to treat the loan in accordance with accounting principles generally accepted in the United States as a Refundable Advance. Once the conditions of the release have been explicitly waived the Organization will recognize contribution income in the period it is forgiven. The amount of the refundable advance is \$522,383.

## **12. Liquidity and Availability**

The Organization has \$3,944,102 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 \$3,888,838, contributions receivable of \$51,514, and prepaid expenses of \$3,750. None of the financial assets are subject to donor restrictions to be used for a specific purpose. 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 \$1,422,450. 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 October 27, 2021. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required. The financial statements were available to be issued on October 29, 2021.