



**CENTER FOR RESPONSIVE POLITICS**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2019**

**CENTER FOR RESPONSIVE POLITICS**

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**DECEMBER 31, 2019**

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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, 2019, 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, 2019, 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) 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Our opinion is not modified with respect to this matter.

*Councilor, Buchanan + Mitchell, P.C.*

Certified Public Accountants

Washington, D.C.  
November 16, 2020

**CENTER FOR RESPONSIVE POLITICS**

**STATEMENT OF FINANCIAL POSITION**

**DECEMBER 31, 2019**

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<b>Assets</b>	
<b>Current Assets</b>	
Cash and Cash Equivalents	\$ 475,497
Investments	1,214,749
Accounts Receivable	4,996
Contributions Receivable, Current	631,300
Prepaid Expenses	32,909
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Total Current Assets	2,359,451
<b>Property and Equipment, at Cost</b>	
Furniture and Equipment	369,177
Leasehold Improvements	445,436
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Total Property and Equipment	814,613
Less Accumulated Depreciation and Amortization	(369,328)
	<hr/>
Property and Equipment, Net	445,285
<b>Noncurrent Assets</b>	
Contributions Receivable, Net of Current Portion	518,700
Security Deposits	29,000
	<hr/>
Total Noncurrent Assets	547,700
	<hr/>
<b>Total Assets</b>	<b>\$ 3,352,436</b>
	<hr/> <hr/>
<b>Liabilities and Net Assets</b>	
<b>Current Liabilities</b>	
Accounts Payable	\$ 11,911
Accrued Payroll	59,783
Capital Lease Payable, Current	4,794
	<hr/>
Total Current Liabilities	76,488
<b>Noncurrent Liabilities</b>	
Capital Lease Payable, Net of Current Portion	8,978
Deferred Rent	394,150
	<hr/>
Total Noncurrent Liabilities	403,128
	<hr/>
Total Liabilities	479,616
<b>Net Assets</b>	
Without Donor Restrictions	1,547,320
With Donor Restrictions	1,325,500
	<hr/>
Total Net Assets	2,872,820
	<hr/>
<b>Total Liabilities and Net Assets</b>	<b>\$ 3,352,436</b>
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*See accompanying Notes to Financial Statements.*

**CENTER FOR RESPONSIVE POLITICS**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Revenue and Support</b>			
Contributions	\$ 1,034,430	\$ 1,935,500	\$ 2,969,930
Contract Fees	69,745	-	69,745
Library Services	37,651	-	37,651
Investment Income	125,626	-	125,626
Other Income	1,994	-	1,994
Net Assets Released from Restrictions Satisfaction of Program Accomplishments or Time Restrictions	<u>802,539</u>	<u>(802,539)</u>	<u>-</u>
Total Revenue and Support	<u>2,071,985</u>	<u>1,132,961</u>	<u>3,204,946</u>
<b>Expenses</b>			
Program Services			
Research and Analysis	831,524	-	831,524
Education and Outreach	<u>891,902</u>	<u>-</u>	<u>891,902</u>
Total Program Services	<u>1,723,426</u>	<u>-</u>	<u>1,723,426</u>
Supporting Services			
Management and General	137,962	-	137,962
Fundraising	<u>179,256</u>	<u>-</u>	<u>179,256</u>
Total Supporting Services	<u>317,218</u>	<u>-</u>	<u>317,218</u>
Total Expenses	<u>2,040,644</u>	<u>-</u>	<u>2,040,644</u>
Change in Net Assets	31,341	1,132,961	1,164,302
Net Assets, Beginning of Year	<u>1,515,979</u>	<u>192,539</u>	<u>1,708,518</u>
<b>Net Assets, End of Year</b>	<u><u>\$ 1,547,320</u></u>	<u><u>\$ 1,325,500</u></u>	<u><u>\$ 2,872,820</u></u>

*See accompanying Notes to Financial Statements.*

**CENTER FOR RESPONSIVE POLITICS**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	Program Services			Supporting Services			Total
	Research and Analysis	Education and Outreach	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Accounting	\$ -	\$ -	\$ -	\$ 36,175	\$ -	\$ 36,175	\$ 36,175
Computer Expense	15,063	16,318	31,381	1,858	2,690	4,548	35,929
Consulting Fees	10,446	11,316	21,762	-	33,423	33,423	55,185
Contract Service Bureaus	3,714	4,024	7,738	458	663	1,121	8,859
Depreciation and Amortization	50,814	55,049	105,863	6,268	9,072	15,340	121,203
Employee Benefits	55,290	59,898	115,188	6,819	9,872	16,691	131,879
Insurance	3,563	3,859	7,422	439	637	1,076	8,498
Meetings and Conferences	8,649	455	9,104	539	780	1,319	10,423
Occupancy	72,796	78,863	151,659	8,979	12,997	21,976	173,635
Office	6,350	6,879	13,229	783	1,134	1,917	15,146
Online Service	30,254	32,775	63,029	3,732	5,401	9,133	72,162
Payroll Taxes	44,541	48,253	92,794	5,494	7,952	13,446	106,240
Postage and Delivery	544	589	1,133	67	97	164	1,297
Printing and Production	1,272	1,378	2,650	157	226	383	3,033
Repairs and Maintenance	519	561	1,080	64	93	157	1,237
Retirement	9,239	10,009	19,248	1,140	1,650	2,790	22,038
Salaries	507,322	549,599	1,056,921	62,572	90,578	153,150	1,210,071
Supplies	2,734	2,962	5,696	337	489	826	6,522
Telephone	2,335	2,530	4,865	288	417	705	5,570
Travel	6,079	6,585	12,664	1,793	1,085	2,878	15,542
<b>Total Expenses</b>	<b>\$ 831,524</b>	<b>\$ 891,902</b>	<b>\$ 1,723,426</b>	<b>\$ 137,962</b>	<b>\$ 179,256</b>	<b>\$ 317,218</b>	<b>\$ 2,040,644</b>

*See accompanying Notes to Financial Statements.*

**CENTER FOR RESPONSIVE POLITICS**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

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<b>Cash Flows from Operating Activities</b>	
Change in Net Assets	\$ 1,164,304
Adjustments to Reconcile Change in Net Assets to Net Cash Used in Operating Activities	
Depreciation and Amortization	121,203
Unrealized Gain on Investments	(104,651)
<u>(Increase) Decrease in Assets</u>	
Accounts Receivable	486
Contributions Receivable	(1,121,247)
Security Deposit	-
Prepaid Expenses	(2,728)
<u>Increase (Decrease) in Liabilities</u>	
Accounts Payable	(37,529)
Accrued Payroll	(54,187)
Deferred Rent	<u>(24,375)</u>
Net Cash Used in Operating Activities	(58,724)
<b>Cash Flows from Investing Activities</b>	
Purchases of Investments	(625,805)
Withdrawals of Investments	600,000
Purchases of Property and Equipment	<u>(3,116)</u>
Net Cash Used in Investing Activities	(28,921)
<b>Cash Flows from Financing Activities</b>	
Principal Payments on Capital Lease	<u>(1,156)</u>
Net Decrease in Cash and Cash Equivalents	(88,801)
Cash and Cash Equivalents, Beginning of Year	<u>564,298</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u><u>\$ 475,497</u></u>
<b>Supplementary Disclosure of Cash Flow Information</b>	
Cash Paid during the Year for Interest	\$ 182

*See accompanying Notes to Financial Statements.*

CENTER FOR RESPONSIVE POLITICS

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

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**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](http://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**

*Method of Accounting*

The accompanying financial statements are presented on the accrual basis of accounting.

*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 excluding amounts held as investments.

*Investments*

The Center's investments are recorded at fair market value based on quotations received from national security exchanges.

*Contributions*

The Center reports gifts of cash and noncurrent assets as restricted support if they are received with donor stipulations that limit the use of the donor assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

*Accounts and Contributions Receivable*

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 and contributions receivable and charges off any balances that are determined to be uncollectible. At December 31, 2019, the Center's allowance for doubtful accounts was \$-0-. The Center had no bad debt expense for the year ended December 31, 2019.

CENTER FOR RESPONSIVE POLITICS

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*Property and Equipment*

Property 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.

*Classes of Net Assets*

The Center is required to report its financial position and activities according to two classes of net assets; net assets without donor-imposed restrictions and net assets with donor-imposed restrictions.

Net assets without donor restrictions are net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Center. These net assets may be used at the discretion of the Center's management and Board of Directors.

Net assets with donor restrictions are subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Center. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

*Accounting for Uncertainty in Income Taxes*

The Center is exempt under Section 501(c)(3) of the Internal Revenue Code (the Code) from the payment of taxes on income other than unrelated business income. No provision for income tax is required for the year ended December 31, 2019, as the Center had no net unrelated business income. In addition, the Center has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Code.

The Center requires that a tax position be recognized or derecognized based on a "more-likely-than-not" threshold. This applies to positions taken or expected to be taken in a tax return. The Center does not believe its financial statements include, or reflect, any uncertain tax positions. The Center's IRS Form 990, *Return of Organization Exempt from Income Tax*, is subject to examination by taxing authorities generally for three years after filing.

*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.

*Functional Allocation of Expenses*

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis

CENTER FOR RESPONSIVE POLITICS

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Functional Allocation of Expenses (Continued)*

that is consistently applied. The expenses that are allocated include salaries, employee benefits, and other personnel expenses, occupancy costs, insurance, and office expenses. The basis of the allocations is direct salary costs which have been allocated to program and supporting functions based on documentation of employee time and effort.

**3. ADOPTION OF NEW ACCOUNTING STANDARD**

During the year ended December 31, 2019, the Center adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU provides additional guidance in (1) evaluating whether transactions should be accounted for as contributions (within the scope of ASC 958) or as exchange (reciprocal) transactions (subject to ASC 606); and (2) distinguishing between conditional and unconditional contributions. Management believes that the adoption of this ASU enhances the comparability of the financial information among not-for-profit entities.

This change in accounting principle was adopted on a modified prospective basis in 2019. As a result, there was no cumulative-effect adjustment to opening net assets without donor restrictions as of January 1, 2019. The impact of adoption was not material to the financial statements.

**4. CONTRIBUTIONS RECEIVABLE**

At December 31, 2019, contributions receivable consisted of the following:

Less than One Year	\$ 631,300
One to Two Years	518,700
Total Contributions Receivable	<u>\$ 1,150,000</u>

**5. LIQUIDITY AND AVAILABILITY OF RESOURCES**

*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. The Center strives to keep financial assets on hand to meet 90 days of normal operating expenses.

*Qualitative Analysis*

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

CENTER FOR RESPONSIVE POLITICS

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

5. LIQUIDITY AND AVAILABILITY OF RESOURCES (CONTINUED)

*Qualitative Analysis (Continued)*

*Financial Assets*

Cash and Cash Equivalents	\$ 475,497
Investments	1,214,749
Accounts Receivable	4,996
Contributions Receivable	<u>631,300</u>
Total Financial Assets and Liquidity Resources Available within One Year	2,326,542
Less Amounts Unavailable for General Expenditures within One Year	
Due to Purpose Restrictions by Donor	<u>(1,325,500)</u>
Total Financial Assets and Liquidity Resources Available	<u>\$ 1,001,042</u>

6. CONCENTRATIONS

The Center's demand deposits with financial institutions, at certain 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 risk.

As of December 31, 2019, 100% of contributions receivable consisted of amounts due from three donors. For the year ended December 31, 2019, approximately 68% of contribution revenue was from four donors.

7. INVESTMENTS

For the year ended December 31, 2019, the components of investment income consisted of the following:

Interest and Dividends	\$ 20,975
Unrealized Gains	<u>104,651</u>
Total Investment Income	<u>\$ 125,626</u>

8. 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 that the Center would receive to sell an investment or to pay to transfer a liability in an orderly transaction with an independent counterparty 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.

**CENTER FOR RESPONSIVE POLITICS**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**8. FAIR VALUE OF MEASUREMENTS (CONTINUED)**

*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.

	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Cash and Money Market Funds	\$ 602,974	\$ 602,974	\$ -	\$ -
Mutual Funds	6,856	6,856	-	-
Equities	604,919	604,919	-	-
Total	\$ 1,214,749	\$ 1,214,749	\$ -	\$ -

**9. OPERATING LEASE**

The Center has a lease agreement for office space 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.

Future minimum payments for the lease are as follows:

For the Years Ending December 31,

2020	\$ 183,450
2021	188,049
2022	192,745
2023	197,570
2024	202,525
2025 and Thereafter	638,438
Future Minimum Rental Payments	\$ 1,602,777

Occupancy expense for the year ended December 31, 2019, was \$173,635 including \$5,262 for utilities, storage, and parking.

**10. CAPITAL LEASE**

The Center leases computer equipment from Dell Financial Services under a capital lease. The economic substance of the lease is that the Center is financing the acquisition of the asset through the lease, and accordingly, it is recorded in the Center's assets and liabilities. The lease agreement contains a bargain purchase option at the end of the lease term.

**CENTER FOR RESPONSIVE POLITICS**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

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**10. CAPITAL LEASE (CONTINUED)**

The following is a schedule by years of future minimum payments required under the lease together with their present value as of December 31, 2019:

For the Years Ending December 31,

2020	\$ 5,369
2021	5,369
2022	<u>4,027</u>
Total Minimum Lease Payments	14,765
Less Amounts Representing Interest	<u>(993)</u>
Present Value of Minimum Lease Payments	<u><u>\$ 13,772</u></u>

Amortization of assets held under the capital lease is included with depreciation expense.

**11. NET ASSETS WITH DONOR RESTRICTIONS**

As of December 31, 2019, net assets with donor restrictions were available for the following purposes:

Research and Analysis	\$ 425,000
General Support, Time Restricted	<u>900,000</u>
Total	<u><u>\$ 1,325,000</u></u>

For the year ended December 31, 2019, net assets released from donor restrictions were as follows:

Research and Analysis	\$ 252,539
General Support, Time Restricted	<u>550,000</u>
Total	<u><u>\$ 802,539</u></u>

**12. 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, 2019, was \$22,038 and is included in employee benefits in the accompanying statement of functional expenses.

**13. SUBSEQUENT EVENTS**

The spread of COVID-19 (coronavirus disease) has had a disruptive impact on the daily life and operations of individuals, businesses, and not-for-profits around the world. There is uncertainty about financial and economic impacts in all sectors of the economy. The financial markets have experienced significant volatility, and this may continue for an extended period of time. In light of these circumstances, the Center continues to assess how best to adapt changed circumstances.

**CENTER FOR RESPONSIVE POLITICS**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2019**

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**13. SUBSEQUENT EVENTS (CONTINUED)**

The Center has received a Small Business Administration (SBA) loan under the Paycheck Protection Program (PPP) in the amount of \$285,100. PPP provides cash flow assistance through 100% federally guaranteed loans to eligible recipients to maintain payroll during the COVID-19 public health emergency and cover certain other expenses. If the Center maintains its workforce and meets certain requirements, up to 100% of the loan may be forgiven by the SBA. No more than 40% of the forgiven amount may be for non-payroll costs. Loans under PPP have an interest rate of 1% and may negotiate to a five year maturity date, if not forgiven.

The Center evaluated subsequent events through November 16, 2020, which is the date the financial statements were available to be issued.