

**Audited Consolidated Financial Statements
with Consolidating Information**

COMMON CAUSE & AFFILIATE

June 30, 2014

Common Cause & Affiliate

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TRYON

A Professional Corporation

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Accountants

and Consultants

Independent Auditor's Report on the Consolidated Financial Statements

To the Members and National Governing Board
Common Cause & Affiliate

We have audited the accompanying consolidated financial statements of Common Cause & Affiliate (the Organization), which comprise the consolidated statements of financial position as of June 30, 2014 and 2013, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the consolidated 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 Organization'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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Common Cause & Affiliate as of June 30, 2014 and 2013, and the changes in net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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Common Cause & Affiliate

Consolidated Statements of Financial Position

June 30,	2014	2013
Assets		
Cash and cash equivalents	\$ 968,093	\$ 1,445,328
Investments	1,556,486	1,303,072
Promises to give and other receivables	1,377,945	1,147,032
Prepaid expenses	204,172	75,950
Property and equipment	291,895	322,618
Total assets	\$ 4,398,591	\$ 4,294,000
Liabilities and net assets		
Liabilities		
Accounts payable and accrued expenses	\$ 625,760	\$ 1,013,940
Deferred rent	211,526	318,432
Total liabilities	837,286	1,332,372
Commitments and contingencies	-	-
Net assets		
Unrestricted	(114,977)	166,671
Temporarily restricted	3,676,282	2,794,957
Total net assets	3,561,305	2,961,628
Total liabilities and net assets	\$ 4,398,591	\$ 4,294,000

See notes to the consolidated financial statements.

Common Cause & Affiliate

Consolidated Statement of Activities

Year Ended June 30, 2014

	Unrestricted	Temporarily Restricted	Total
Revenue and support			
Contributions	\$ 7,302,425	\$ 3,049,520	\$ 10,351,945
Bequests	1,133,513		1,133,513
Contributed services	1,125,386		1,125,386
Rental income	129,229		129,229
Contract income	68,467		68,467
List rentals and other income	39,804		39,804
	9,798,824	3,049,520	12,848,344
Net assets released from restriction	2,392,965	(2,392,965)	-
Total revenue and support	12,191,789	656,555	12,848,344
Expense			
Program services			
Educational activities	4,350,439		4,350,439
Program operations, lobbying, and communications	3,171,365		3,171,365
Program development and management	478,918		478,918
Total program services	8,000,722	-	8,000,722
Supporting services			
Fund raising, including new member acquisitions	2,248,508		2,248,508
General and administration	2,228,934		2,228,934
Total supporting services	4,477,442	-	4,477,442
Total expense	12,478,164	-	12,478,164
Change in net assets from operations	(286,375)	656,555	370,180
Investment income	4,727	224,770	229,497
Change in net assets	(281,648)	881,325	599,677
Net assets, July 1, 2013	166,671	2,794,957	2,961,628
Net assets, June 30, 2014	\$ (114,977)	\$ 3,676,282	\$ 3,561,305

See notes to the consolidated financial statements.

Common Cause & Affiliate

Consolidated Statement of Activities

Year Ended June 30, 2013

	Unrestricted	Temporarily Restricted	Total
Revenue and support			
Contributions	\$ 7,473,453	\$ 3,383,030	\$ 10,856,483
Bequests	411,778		411,778
Contributed services	944,985		944,985
Rental income	127,656		127,656
Contract income	138,661		138,661
List rentals and other income	50,395		50,395
	9,146,928	3,383,030	12,529,958
Net assets released from restriction	3,235,295	(3,235,295)	-
Total revenue and support	12,382,223	147,735	12,529,958
Expense			
Program services			
Educational activities	4,248,384		4,248,384
Program operations, lobbying, and communications	3,503,332		3,503,332
Program development and management	776,762		776,762
Total program services	8,528,478	-	8,528,478
Supporting services			
Fund raising, including new member acquisitions	1,991,583		1,991,583
General and administration	2,073,805		2,073,805
Total supporting services	4,065,388	-	4,065,388
Total expense	12,593,866	-	12,593,866
Change in net assets from operations	(211,643)	147,735	(63,908)
Investment (loss) income	(520)	164,981	164,461
Change in net assets	(212,163)	312,716	100,553
Net assets, July 1, 2012	378,834	2,482,241	2,861,075
Net assets, June 30, 2013	\$ 166,671	\$ 2,794,957	\$ 2,961,628

See notes to the consolidated financial statements.

Common Cause & Affiliate

Consolidated Statements of Cash Flows

Year Ended June 30,	2014	2013
Cash flows from operating activities		
Change in net assets	\$ 599,677	\$ 100,553
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	44,275	19,165
Net gain on investments	(178,986)	(152,279)
Changes in assets and liabilities:		
Promises to give and other receivables	(230,913)	65,378
Prepaid expenses	(128,222)	19,369
Accounts payable and accrued expenses	(388,180)	424,986
Deferred rent	(106,906)	(67,045)
Total adjustments	(988,932)	309,574
Net cash (used in) provided by operating activities	(389,255)	410,127
Cash flows from investing activities		
Proceeds from sales and maturities of investments	136,018	83,521
Purchases and donations of investments	(210,446)	(843,294)
Purchases of property and equipment	(13,552)	(284,588)
Net cash used in investing activities	(87,980)	(1,044,361)
Net decrease in cash and cash equivalents	(477,235)	(634,234)
Cash and cash equivalents, beginning of year	1,445,328	2,079,562
Cash and cash equivalents, end of year	\$ 968,093	\$ 1,445,328
Schedule of Noncash Investing Activities		
Donated securities	\$ 139,671	\$ 81,846

See notes to the consolidated financial statements.

Notes to the Consolidated Financial Statements

A. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization: Common Cause was formed in 1968 as a nonprofit under the laws of the District of Columbia. Common Cause is a nonpartisan citizens' lobby that works to improve the way federal and state governments operate. Common Cause is supported by dues and small contributions from nearly 90,000 members nationwide. A National Governing Board sets issue priorities and policy for Common Cause.

Common Cause Education Fund (the Education Fund) was formed in 2000 as a nonprofit under the laws of the State of Delaware. The Education Fund conducts charitable research and educational activities which are supported by foundation grants and contributions from individuals.

Together, Common Cause and the Education Fund work to strengthen public participation and faith in the federal and state institutions of self-government; to ensure that government and the political process serve the general interest, rather than special interests; to curb the excessive influence of money on government decisions and elections; to promote fair and honest elections and high ethical standards for government officials; and to protect the civil rights and civil liberties of all Americans.

Principles of consolidation: The consolidated financial statements include the accounts of Common Cause and the Education Fund (the Organization). Significant intra-entity accounts and transactions have been eliminated in consolidation.

Income tax status: Common Cause and the Education Fund are exempt from the payment of income taxes on their exempt activities under Section 501(c)(4) and 501(c)(3), respectively, of the Internal Revenue Code. The Education Fund has been classified by the Internal Revenue Service as other than a private foundation within the meaning of Section 509(a)(1) of the Internal Revenue Code.

The Organization believes that it has appropriate support for income tax positions taken. Therefore, management has not identified any uncertain income tax positions. Generally, income tax returns related to the current and three prior years remain open for examination by taxing authorities.

Basis of accounting: The accompanying consolidated financial statements have been prepared using the accrual basis of accounting. Revenue, other than contributions, is recognized when earned and expense when the obligation is incurred.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and cash equivalents: For financial statement purposes, the Organization considers demand deposits and money market accounts not included in the investment portfolio to be cash and cash equivalents.

Notes to the Consolidated Financial Statements

A. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Contributions: Bequests, grants, and funds received from members are accounted for as contributions. Contributions are recognized as revenue when received or unconditionally promised, such as pledges and grants receivable. Contributions are recorded as unrestricted or temporarily restricted support depending upon the existence and/or nature of donor restrictions. Support that is restricted by the donor is reported as an increase in temporarily restricted net assets. Within temporarily restricted net assets, amounts are reclassified to unrestricted net assets when restrictions are satisfied or expire (that is, when a purpose restriction is accomplished or a stipulated time restriction ends). Temporarily restricted support that expires in the same period is classified as unrestricted net assets.

Contract income: Contract income primarily consists of fees earned in relation to contracts for providing mission related services to third parties. The Organization has contracts with third parties in relation to activities such as the Colorado Civic Engagement Roundtable.

Program services: Program service descriptions are as follows:

Educational activities includes the programs of the Education Fund which encompass the following:

- to bring attention to the fundamental problems caused by the corrupting influence of money in political campaigns, and to help educate citizens in a thoughtful and inspiring way, which are important first steps in the Education Fund's overall strategy to reengage citizens in their democracy; and
- through public outreach and education, coalition-building efforts, research, and study, the Education Fund aims to achieve the following:
 - promote and spur greater inclusiveness in the democratic process by reaching out to, and including, all groups in the political process, especially those that have traditionally been excluded, and work to educate a broad base of organizations and citizens on the need for reforms;
 - strengthen and improve political institutions and procedures through education and outreach efforts, including: using campaign finance data analysis to raise public awareness of the problems in the current campaign finance system and how reform can improve the way government operates; conducting research, public education and outreach programs on elections and the electoral process, including redistricting, election administration, and the financing of elections; convening allied organizations and educating Common Cause members and the general public about the role of media in democracy and the regulatory systems that govern media in the United States; conducting research and public education on ethics in government and other research and education programs aimed at encouraging Common Cause members and volunteers and the general public to be more active and engaged citizens and to promote reform; and
 - foster a new growth of citizen participation in government and develop projects that can help reengage young people, minorities and the disenfranchised as part of this overall effort to spur greater citizen participation in democracy.

Notes to the Consolidated Financial Statements

A. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Program operations, lobbying, and communications includes the activities of Common Cause's national and state volunteers which encompass the following:

- maintain contact with members of Congress, state legislatures and their staffs on Common Cause issues;
- monitor federal and state executive branch activity on Common Cause issues;
- communicate and interpret information on Common Cause issues to the media, and distribute press releases, editorial memoranda, and public-service radio and television spots that inform the general public on Common Cause issues;
- carry the national issue program to state offices and Common Cause members and volunteers through program and administrative support; and
- provide program and organizing assistance to state offices and Common Cause members and volunteers.

Program development and management includes development and direction of the Organization's program activities including research and preparation of position papers on national and state issues, maintaining communications with the National Governing Board, and developing and maintaining partnerships with allied organizations.

Supporting services: Supporting service descriptions are as follows.

Fund raising, including new member acquisition: The fund raising function includes activities relating to new member acquisition and other activities that encourage and secure financial support for the Organization.

General and administration: The general and administration function includes activities necessary for the administrative processes of the Organization and managing its operations and financial responsibilities.

Functional allocation of expense: The costs of providing various program and supporting services have been summarized on a functional basis in the consolidated statement of activities. Accordingly, certain costs have been allocated between entities and then among the program and supporting services benefited based on estimated employee effort.

Measure of operations: The Organization does not include investment income and state affiliate costs in the change in net assets from operations. State affiliate costs is a contribution from Common Cause to the Education Fund, which is eliminated in consolidation.

Subsequent events: Subsequent events have been evaluated through September 22, 2014, which is the date the consolidated financial statements were available to be issued.

Notes to the Consolidated Financial Statements

B. CONCENTRATIONS

Credit risk: The Organization maintains demand deposits with commercial banks and money market funds with financial institutions. At times, certain balances held within these accounts may not be fully guaranteed or insured by the U.S. Government. The uninsured portions of cash and money market accounts are backed solely by the assets of the underlying institution. Therefore, the failure of an underlying institution could result in financial loss to the Organization.

Market value risk: The Organization invests funds in various marketable debt and equity securities. Such investments are exposed to market and credit risks and may be subject to fluctuations in fair value. As a result, the investment balances reported in the accompanying consolidated financial statements may not be reflective of the portfolio's value during subsequent periods.

C. INVESTMENTS

In accordance with generally accepted accounting principles, the Organization uses the following prioritized input levels to measure fair value of investments. The input levels used for valuing investments are not necessarily an indication of risk.

Level 1 – Observable inputs that reflect quoted prices for identical assets or liabilities in active markets, such as stock quotes.

Level 2 – Includes inputs other than Level 1 inputs that are directly or indirectly observable in the marketplace, such as yield curves or other market data.

Level 3 – Unobservable inputs which reflect the reporting entity's assessment of the assumptions that market participants would use in pricing the asset or liability including assumptions about risk, such as bid/ask spreads and liquidity discounts.

Investments recorded at fair value include fixed income and equity mutual funds and common stocks, which were classified within Level 1. The mutual funds and common stocks were valued based on quoted prices for identical assets in active markets.

Investments recorded at fair value include a corporate bond, which was classified within Level 2. The corporate bond was valued by a pricing vendor using outside data. In determining the fair value of the corporate bond, the pricing vendor used a market approach to obtain pricing spreads based on the credit risk of the issuer, maturity, current yield, and other terms and conditions.

Management believes the estimated fair values of investments to be a reasonable approximation of their exit price.

Investments recorded at cost include money market funds and certificates of deposit. Investments recorded at cost are not required to be classified in one of the levels prescribed by the fair value hierarchy.

Common Cause & Affiliate

Notes to the Consolidated Financial Statements

C. INVESTMENTS - CONTINUED

Investments consisted of the following at June 30,:

2014	Total	Level 1	Level 2	Level 3
Investments, at fair value				
Mutual funds - fixed income	\$ 7,308	\$ 7,308	\$ -	\$ -
Mutual fund - equity	1,048,698	1,048,698		
Corporate bond	4,844		4,844	
Common stocks	201,502	201,502		
	1,262,352	\$ 1,257,508	\$ 4,844	\$ -
Investments, at cost				
Money market funds	140,212			
Certificates of deposit	153,922			
	294,134			
	\$ 1,556,486			

2013	Total	Level 1	Level 2	Level 3
Investments, at fair value				
Mutual funds - fixed income	\$ 6,161	\$ 6,161	\$ -	\$ -
Mutual fund - equity	858,133	858,133		
Corporate bond	6,031		6,031	
Common stocks	172,940	172,940		
	1,043,265	\$ 1,037,234	\$ 6,031	\$ -
Investments, at cost				
Money market funds	105,885			
Certificates of deposit	153,922			
	259,807			
	\$ 1,303,072			

Common Cause & Affiliate

Notes to the Consolidated Financial Statements

C. INVESTMENTS - CONTINUED

Investments include the following donor restricted or board designated totals at June 30,:

	2014	2013
MGGE (see Notes G & H)	\$ 1,048,698	\$ 858,133
Rankin Trust for Colorado Office (see Note H)	330,410	271,205
Office leases - letters of credit (see Note K)	153,922	153,922
Shriver Quasi-endowed Fund (see Note G)	19,137	16,623
Donated stock	4,319	3,189
	\$ 1,556,486	\$ 1,303,072

Investment income consisted of the following for the years ended June 30,:

	2014	2013
Net gain on investments	\$ 178,986	\$ 152,279
Interest and dividends	53,643	14,241
Investment fees	(3,132)	(2,059)
	\$ 229,497	\$ 164,461

D. PROMISES TO GIVE AND OTHER RECEIVABLES

Promises to give and other receivables consist primarily of unconditional pledges receivable (promises to give) and uncollected contributions from internet donations. Management periodically reviews the status of all receivable balances for collectability. Each receivable balance is assessed based on management's knowledge of and relationship with the donor and the age of the receivable balance. As a result of these reviews, account balances deemed to be uncollectible are written-off. Management believes that the use of the direct write-off method approximates the results that would be presented if an allowance for bad debts was recorded.

Promises to give and other receivables consisted of the following at June 30,:

	2014	2013
Promises to give		
Pledges and grants	\$ 1,268,988	\$ 1,030,914
Web contributions	108,507	114,427
Other receivables	450	1,691
	\$ 1,377,945	\$ 1,147,032

Common Cause & Affiliate

Notes to the Consolidated Financial Statements

D. PROMISES TO GIVE AND OTHER RECEIVABLES - CONTINUED

Pledges and grants receivable include multi-year unconditional promises to give contributions from donors. Pledges and grants receivable that are expected to be collected within one year are recorded at net realizable value. Pledges and grants receivable that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discount on multi-year pledges and grants receivable was determined to be immaterial.

Pledges and grants receivable consisted of the following at June 30,:

	2014	2013
Receivable in less than one year	\$ 1,078,713	\$ 839,364
Receivable in one to five years	190,275	191,550
	<u>1,268,988</u>	<u>1,030,914</u>
Less discount to net present value	<u>-</u>	<u>-</u>
	<u>\$ 1,268,988</u>	<u>\$ 1,030,914</u>

Conditional promise to give: The gift agreement related to the George S. McGovern Great Government Endowment (MGGE), which is detailed in Note G, includes a \$500,000 conditional promise to give from the donor. Under the terms of the gift agreement, the donor promised to provide a matching gift of \$1 for every \$4 that the Organization adds to MGGE. In order to satisfy the matching requirement, the Organization's additions to MGGE may be either in the form of restricted contributions to MGGE from other donors or from the Organization's unrestricted contributions.

Specifically, the Organization is eligible to receive a matching gift of \$50,000 from the donor for every \$200,000 in eligible contributions raised in one year. The matching incentive will be in effect from July 1, 2013 until either total eligible restricted contributions exceed \$2,000,000 or December 31, 2022, whichever is earlier.

The Organization raised \$200,000 in eligible contributions and received a matching gift from the donor totaling \$50,000 during the year ended June 30, 2014.

E. PROPERTY AND EQUIPMENT

Acquisitions of property and equipment greater than \$1,000 are recorded at cost and depreciated or amortized using the straight-line method over the following estimated useful lives: computer equipment and software - 5 years; and furniture and other equipment - 5 to 7 years. Leasehold improvements are amortized using the straight-line method over the lesser of the estimated useful lives of the assets or the remaining term of the lease.

Property and equipment consisted of the following at June 30,:

	2014	2013
Computer equipment and software	\$ 881,559	\$ 878,103
Furniture and other equipment	220,719	220,719
Leasehold improvements	46,963	46,963
	<u>1,149,241</u>	<u>1,145,785</u>
Less accumulated depreciation and amortization	<u>(857,346)</u>	<u>(823,167)</u>
	<u>\$ 291,895</u>	<u>\$ 322,618</u>

Common Cause & Affiliate

Notes to the Consolidated Financial Statements

F. UNRESTRICTED NET ASSETS

Unrestricted net assets include those net assets whose use is not restricted by donors, even though their use may be limited in other respects, such as by board designation.

Undesignated: Undesignated net assets are used for the general operations of the Organization.

Although the National Governing Board had not formally designated unrestricted net assets for the Bob Edgar Legacy Fund, donors provided unrestricted contributions in memory of Bob Edgar during the year ended June 30, 2013, which were classified within unrestricted, undesignated net assets.

Designated: During the year ended June 30, 2014, the National Governing Board passed a resolution to formally designate the Bob Edgar Legacy Fund. Furthermore, the resolution established the following two funds:

Opportunity Fund: The Opportunity Fund is comprised of unrestricted contributions for the Bob Edgar Legacy Fund.

Endowment Fund: The Endowment Fund was established by the National Governing Board as a donor-restricted endowment fund to provide a base of permanent capital, the earnings from which will be used to support the Organization's general operations. However, the Organization has not received any donor-restricted contributions for the Endowment Fund.

Designated net assets consist of the Joyce Shriver bequest, which had no donor restriction as to use, received by the New York state office (see Note G). The National Governing Board passed a resolution to use the gift to establish a quasi-endowed fund to be used for the benefit of both the national office and the New York office.

Unrestricted net assets consisted of the following at June 30,:

	2014	2013
Undesignated		
General operations	\$ (239,908)	\$ 76,533
Bob Edgar Legacy Fund	-	73,515
	<u>(239,908)</u>	<u>150,048</u>
Board designated		
Bob Edgar Legacy - Opportunity Fund	105,794	-
Shriver Quasi-endowed Fund (see Note G)	19,137	16,623
	<u>124,931</u>	<u>16,623</u>
	<u>\$ (114,977)</u>	<u>\$ 166,671</u>

Deficit in unrestricted net assets: As reported in the accompanying consolidating statement of financial position, the deficit in consolidated unrestricted net assets resulted from the Education Fund's deficit in unrestricted net assets which totaled \$355,869 at June 30, 2014. The Organization is aware of the deficit in the Education Fund's unrestricted net assets and is actively working to alleviate it through increasing unrestricted contributions and containing expenses.

Notes to the Consolidated Financial Statements

G. ENDOWMENT FUNDS

The Organization's endowment funds currently include 1) an unrestricted fund designated by the National Governing Board to function as a quasi-endowed fund (see description in Note F), and 2) a temporarily restricted fund established by a donor for the George S. McGovern Great Government Endowment (MGGE). Under the terms of the MGGE gift agreement, the Organization may spend both the principal and the investment earnings on the fund to support the activities of the great government program.

Interpretation of Relevant Law

The Organization has interpreted the *Uniform Prudent Management of Institutional Funds Act of 2007 (UPMIFA)*, enacted by both the District of Columbia and the State of Delaware, as requiring the preservation of the real (inflation-adjusted) purchasing power of endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as endowment net assets (1) the original value of gifts donated to the endowment, (2) the original value of subsequent gifts to the endowment, and (3) accumulations to the endowment such as investment income.

Return Objectives and Risk Parameters

The Organization's endowment investments primarily relate to MGGE which, as directed by the donor, have been invested in a specific mutual fund which primarily invests in equity securities.

Strategies Employed for Achieving Objectives

To satisfy its long-term objectives, the Organization relies on the investment earnings from the mutual fund which was stipulated by the donor in the MGGE gift agreement.

Spending Policy and How Investment Objectives Relate to Spending Policy

The spending policy in relation to the MGGE has been stipulated by the donor and will be implemented in accordance with the terms which are included in the gift agreement.

Fund Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds, such as MGGE, may fall below the level that the donor originally contributed as an endowment fund to the Organization. In accordance with generally accepted accounting principles, deficiencies of this nature are reported in unrestricted net assets and typically result from unfavorable market fluctuations or continued appropriation when deemed prudent by the National Governing Board. While the investment balance reported in Note C for MGGE was lower than the related net asset balance at June 30, 2014, this condition was due to timing differences between investments and cash, which does not indicate a fund deficiency.

In relation to the quasi-endowed fund, the original value of the fund totaled \$932,014. During the year ended June 30, 2009, the National Governing Board approved a resolution to transfer \$744,290 from the quasi-endowed fund to the operating fund to supplement the Organization's cash flow needs. The National Governing Board intends to repay the quasi-endowed fund in equal amounts over a three-year period. The repayments are contingent upon the Organization's financial health and no repayments have yet been made. As a result of the transfer to the operating fund and due to changes in the fair value of the underlying investments, the quasi-endowed fund deficiency totaled \$912,877 and \$915,391 at June 30, 2014 and 2013, respectively.

Common Cause & Affiliate

Notes to the Consolidated Financial Statements

G. ENDOWMENT FUNDS - CONTINUED

Endowment funds consisted of the following as of June 30,:

2014	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Board-designated				
Shriver Quasi-endowed Fund	\$ 19,137	\$ -	\$ -	\$ 19,137
Donor-restricted				
MGGE		1,140,657		1,140,657
	\$ 19,137	\$ 1,140,657	\$ -	\$ 1,159,794

2013	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Board-designated				
Shriver Quasi-endowed Fund	\$ 16,623	\$ -	\$ -	\$ 16,623
Donor-restricted				
MGGE		826,027		826,027
	\$ 16,623	\$ 826,027	\$ -	\$ 842,650

Changes in endowment funds consisted of the following as of and for the year ended June 30, 2014:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment funds, July 1, 2013	\$ 16,623	\$ 826,027	\$ -	\$ 842,650
Contributions		250,000		250,000
Investment return				
Net gain on investments	2,366	130,871		133,237
Interest and dividends	296	34,794		35,090
Investment fees	(148)	(100)		(248)
	2,514	165,565	-	168,079
Appropriations		(100,935)		(100,935)
Endowment funds, June 30, 2014	\$ 19,137	\$ 1,140,657	\$ -	\$ 1,159,794

Common Cause & Affiliate

Notes to the Consolidated Financial Statements

G. ENDOWMENT FUNDS - CONTINUED

Changes in endowment funds consisted of the following as of and for the year ended June 30, 2013:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment funds, July 1, 2012	\$ 14,953	\$ -	\$ -	\$ 14,953
Contribution		750,000		750,000
Investment return				
Net gain on investments	1,479	105,753		107,232
Interest and dividends	330	2,380		2,710
Investment fees	(139)			(139)
	1,670	108,133	-	109,803
Appropriations		(32,106)		(32,106)
Endowment funds, June 30, 2013	\$ 16,623	\$ 826,027	\$ -	\$ 842,650

H. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets include those net assets whose use has been donor restricted by either specified purpose or time limitations.

Temporarily restricted net assets and related activity consist of the following as of and for the year ended June 30, 2014:

	Beginning	Additions	Releases	Ending
Election reform and protection	\$ 476,232	\$ 1,374,110	\$ (728,215)	\$ 1,122,127
Ethics	3,765			3,765
Government accountability*	882,809	415,565	(157,717)	1,140,657
Media and democracy	375,404	370,000	(380,886)	364,518
Money in politics	560,137	325,000	(495,550)	389,587
State office operations*	496,610	789,615	(630,597)	655,628
	\$ 2,794,957	\$ 3,274,290	\$ (2,392,965)	\$ 3,676,282

* The ending balance of Government accountability only consisted of MGGE and the ending balance of State office operations included the Rankin Trust for the Colorado Office as of June 30, 2014.

Common Cause & Affiliate

Notes to the Consolidated Financial Statements

H. TEMPORARILY RESTRICTED NET ASSETS - CONTINUED

Temporarily restricted net assets and related activity consist of the following as of and for the year ended June 30, 2013:

	Beginning	Additions	Releases	Ending
Election reform and protection	\$ 1,140,702	\$ 955,531	\$ (1,620,001)	\$ 476,232
Ethics	68,865		(65,100)	3,765
Government accountability*	228,769	973,133	(319,093)	882,809
Media and democracy	275,652	412,500	(312,748)	375,404
Money in politics	278,261	805,000	(523,124)	560,137
State office operations*	489,992	401,847	(395,229)	496,610
	\$ 2,482,241	\$ 3,548,011	\$ (3,235,295)	\$ 2,794,957

* The ending balance of Government accountability included MGGE and the ending balance of State office operations included the Rankin Trust for the Colorado Office as of June 30, 2013.

I. CONTRIBUTED SERVICES

Recorded: Donated services are recognized as contributions and expense in accordance with generally accepted accounting principles when the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

The Organization received in-kind contributions, primarily in the form of legal services related to program services activities, totaling \$1,125,386 and \$944,985, during the years ended June 30, 2014 and 2013, respectively. In-kind contributions have been recognized as contributed services revenue and related expense at estimated fair value.

Unrecorded: Certain contributed services have not been recorded in the accompanying consolidated financial statements because they do not meet the accounting criteria for recognition. These services relate primarily to national and state office volunteers and state advisory board members who provide program and support assistance to the Organization.

National office volunteers inform and activate the membership nationwide, track issues in the press, monitor congressional committee meetings, respond to inquiries about the Organization and its legislative efforts, and serve as administrative aides. State office volunteers work in congressional districts throughout the country and also provide administrative services for state offices. State advisory board members provide programmatic oversight, participate in program performance, and generally support the operations of the state offices.

Common Cause & Affiliate

Notes to the Consolidated Financial Statements

J. RETIREMENT PLAN

Common Cause maintains a defined contribution 401(k) retirement plan available to all employees meeting certain eligibility requirements as defined in the plan document. Under the plan, employees may make deferred salary contributions ranging from 1% to 50% of compensation, subject to legal limitations. Common Cause matches \$1.50 for each \$1.00 of the first 4% contributed by the employee, up to a maximum of 6%. Common Cause's contributions under the plan totaled \$181,066 and \$198,133 for the years ended June 30, 2014 and 2013, respectively.

K. COMMITMENTS AND CONTINGENCIES

Office leases: Common Cause is obligated under an operating lease for office space at its national office through January 2016. The office lease contains certain lease incentives, which have been reported as deferred rent in the accompanying consolidated statements of financial position and have been amortized on a basis to achieve straight-line rent expense over the life of the lease. In addition, Common Cause is obligated under operating leases for office space at certain state offices over varying periods through 2019. Rent expense for the office leases totaled \$786,573 and \$786,397 for the years ended June 30, 2014 and 2013, respectively.

Future minimum cash basis office lease payments are as follows:

Year Ending June 30,	National	States	Total
2015	\$ 664,200	\$ 143,900	\$ 808,100
2016	399,900	121,400	521,300
2017		94,900	94,900
2018		73,900	73,900
2019		69,500	69,500
	\$ 1,064,100	\$ 503,600	\$ 1,567,700

Subleases: The Organization subleases a portion of its national office space to certain unrelated tenants. The subleases have various expiration dates through 2016. Rental income from subleases totaled \$129,229 and \$127,656 for the years ended June 30, 2014 and 2013, respectively.

Future minimum cash basis sublease receipts are as follows:

Year Ending June 30,	Amount
2015	\$ 131,400
2016	500
	\$ 131,900

Notes to the Consolidated Financial Statements

K. COMMITMENTS AND CONTINGENCIES - CONTINUED

Letters-of-credit: The Organization has two letters-of-credit with a bank, totaling \$117,411 and \$25,746. The \$117,411 letter-of-credit must be maintained in accordance with the terms of the national office space lease agreement and expires January 2016. The \$25,746 letter-of-credit must be maintained in accordance with the terms of the New York office lease agreement and expires May 2019. Both letters-of-credit are collateralized by certificates of deposit with the same bank, which are included in investments in the accompanying consolidated statements of financial position.

Database hosting agreements: The Organization has entered into two database support and maintenance agreements related to its system for processing internet transactions. The agreements expire August 2014 and March 2016 and require minimum payments for the Organization's hosted environment.

Future minimum payments under the agreements are as follows:

Year Ending June 30,	Amount
2015	\$ 87,400
2016	34,650
	<hr/>
	\$ 122,050

T A T E



T R Y O N

A Professional Corporation

Certified Public

Accountants

and Consultants

Independent Auditor's Report on the Consolidating Information

To the Members and National Governing Board
Common Cause & Affiliate

We have audited the consolidated financial statements of Common Cause & Affiliate (the Organization) as of and for the years ended June 30, 2014 and 2013, and our report thereon dated September 22, 2014, which expressed an unmodified opinion on the consolidated financial statements, appears on page one. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The 2014 consolidating information on the following pages is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, and changes in net assets of the individual companies, and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

Washington, DC
September 22, 2014

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Common Cause & Affiliate

Consolidating Statement of Financial Position

June 30, 2014

	Common Cause	Education Fund	Elimination	Consolidated Total
Assets				
Cash and cash equivalents	\$ 850,644	\$ 117,449	\$ -	\$ 968,093
Investments	466,187	1,090,299		1,556,486
Promises to give and other receivables	542,810	835,135		1,377,945
Amount due from affiliate		258,879	(258,879)	-
Prepaid expenses	200,747	3,425		204,172
Property and equipment	291,895			291,895
Total assets	\$ 2,352,283	\$ 2,305,187	\$ (258,879)	\$ 4,398,591
Liabilities and net assets				
Liabilities				
Accounts payable and accrued expenses	\$ 571,114	\$ 54,646	\$ -	\$ 625,760
Amount due to affiliate	258,879		(258,879)	-
Deferred rent	211,526			211,526
Total liabilities	1,041,519	54,646	(258,879)	837,286
Net assets				
Unrestricted	240,892	(355,869)		(114,977)
Temporarily restricted	1,069,872	2,606,410		3,676,282
Total net assets	1,310,764	2,250,541	-	3,561,305
Total liabilities and net assets	\$ 2,352,283	\$ 2,305,187	\$ (258,879)	\$ 4,398,591

Common Cause & Affiliate

Consolidating Statement of Activities

Year Ended June 30, 2014

	Unrestricted Activities			Temporarily Restricted Activities			Consolidated Total
	Common Cause	Education Fund	Total	Common Cause	Education Fund	Total	
Revenue and support							
Contributions	\$ 4,800,153	\$ 2,502,272	\$ 7,302,425	\$ 727,411	\$ 2,322,109	\$ 3,049,520	\$ 10,351,945
Bequests	378,757	754,756	1,133,513			-	1,133,513
Contributed services	1,125,386		1,125,386			-	1,125,386
Rental income	129,229		129,229			-	129,229
Contract income	30,607	37,860	68,467			-	68,467
List rentals and other income	39,135	669	39,804			-	39,804
	6,503,267	3,295,557	9,798,824	727,411	2,322,109	3,049,520	12,848,344
Net assets released from restriction	427,569	1,965,396	2,392,965	(427,569)	(1,965,396)	(2,392,965)	-
Total revenue and support	6,930,836	5,260,953	12,191,789	299,842	356,713	656,555	12,848,344
Expense							
Program services							
Educational activities		4,350,439	4,350,439			-	4,350,439
Program operations, lobbying, and communications	3,171,365		3,171,365			-	3,171,365
Program development and management	189,566	289,352	478,918			-	478,918
Total program services	3,360,931	4,639,791	8,000,722	-	-	-	8,000,722
Supporting services							
Fund raising, including new member acquisitions	1,750,008	498,500	2,248,508			-	2,248,508
General and administration	1,877,836	351,098	2,228,934			-	2,228,934
Total supporting services	3,627,844	849,598	4,477,442	-	-	-	4,477,442
Total expense	6,988,775	5,489,389	12,478,164	-	-	-	12,478,164
Change in net assets from operations	(57,939)	(228,436)	(286,375)	299,842	356,713	656,555	370,180
Investment income	4,666	61	4,727	59,205	165,565	224,770	229,497
State affiliate costs	(84,731)	84,731	-			-	-
Change in net assets	(138,004)	(143,644)	(281,648)	359,047	522,278	881,325	599,677
Net assets, July 1, 2013	378,896	(212,225)	166,671	710,825	2,084,132	2,794,957	2,961,628
Net assets, June 30, 2014	\$ 240,892	\$ (355,869)	\$ (114,977)	\$ 1,069,872	\$ 2,606,410	\$ 3,676,282	\$ 3,561,305