

**Audited Consolidated Financial Statements
with Consolidating Information**

COMMON CAUSE & AFFILIATE

June 30, 2012

Common Cause & Affiliate

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T A T E



T R Y O N

A Professional Corporation

Certified Public

Accountants

and Consultants

Independent Auditor's Report on the Consolidated Financial Statements

To the Members and Governing Board
Common Cause & Affiliate

We have audited the accompanying consolidated statements of financial position of Common Cause & Affiliate (the Organization) as of June 30, 2012 and 2011, and the related consolidated statements of activities and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Organization's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Common Cause & Affiliate as of June 30, 2012 and 2011, and the changes in their net assets and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

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September 25, 2012

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Common Cause & Affiliate

Consolidated Statements of Financial Position

June 30,	2012	2011
Assets		
Cash and cash equivalents - Note B	\$ 2,079,562	\$ 2,427,094
Investments - Notes B & C	391,020	403,765
Promises to give and other receivables - Note D	1,212,410	795,950
Prepaid expenses	95,319	105,016
Property and equipment - Note E	57,195	56,789
Total assets	\$ 3,835,506	\$ 3,788,614
Liabilities and net assets		
Liabilities		
Accounts payable and accrued expenses	\$ 588,954	\$ 537,240
Deferred rent - Note K	385,477	459,371
Total liabilities	974,431	996,611
Commitments and contingencies - Note K	-	-
Net assets		
Unrestricted - Notes F & G	378,834	401,111
Temporarily restricted - Note H	2,482,241	2,390,892
Total net assets	2,861,075	2,792,003
Total liabilities and net assets	\$ 3,835,506	\$ 3,788,614

See notes to the consolidated financial statements.

Common Cause & Affiliate

Consolidated Statement of Activities

Year Ended June 30, 2012

	Unrestricted	Temporarily Restricted	Total
Revenue and support			
Contributions	\$ 7,561,171	\$ 2,062,059	\$ 9,623,230
Bequests	929,570		929,570
Contributed services - Note I	421,444		421,444
Contract income	171,605		171,605
Rental income - Note K	133,606		133,606
List rentals and other income	26,039		26,039
Investment income (loss) - Note C	8,681	(18,376)	(9,695)
	9,252,116	2,043,683	11,295,799
Net assets released from restriction - Note H	1,952,334	(1,952,334)	-
Total revenue and support	11,204,450	91,349	11,295,799
Expense			
Program services			
Educational activities	3,288,143		3,288,143
Program operations, lobbying, and communications	3,136,996		3,136,996
Program development and management	719,191		719,191
Total program services	7,144,330	-	7,144,330
Supporting services			
Fund raising, including new member acquisitions	2,065,922		2,065,922
General and administration	2,016,475		2,016,475
Total supporting services	4,082,397	-	4,082,397
Total expense	11,226,727	-	11,226,727
Change in net assets	(22,277)	91,349	69,072
Net assets, July 1, 2011	401,111	2,390,892	2,792,003
Net assets, June 30, 2012	\$ 378,834	\$ 2,482,241	\$ 2,861,075

See notes to the consolidated financial statements.

Common Cause & Affiliate
Consolidated Statement of Activities
Year Ended June 30, 2011

	Unrestricted	Temporarily Restricted	Total
Revenue and support			
Contributions	\$ 7,464,140	\$ 2,607,710	\$ 10,071,850
Bequests	1,209,323		1,209,323
Contributed services - Note I	485,374		485,374
Contract income	194,704		194,704
Rental income - Note K	189,949		189,949
List rentals and other income	85,653		85,653
Investment income - Note C	3,124	36,243	39,367
	9,632,267	2,643,953	12,276,220
Net assets released from restriction - Note H	3,313,089	(3,313,089)	-
Total revenue and support	12,945,356	(669,136)	12,276,220
Expense			
Program services			
Educational activities	3,830,721		3,830,721
Program operations, lobbying, and communications	2,603,364		2,603,364
Program development and management	572,042		572,042
Total program services	7,006,127	-	7,006,127
Supporting services			
Fund raising, including new member acquisitions	1,760,679		1,760,679
General and administration	1,952,996		1,952,996
Total supporting services	3,713,675	-	3,713,675
Total expense	10,719,802	-	10,719,802
Change in net assets	2,225,554	(669,136)	1,556,418
Net assets, July 1, 2010	(1,824,443)	3,060,028	1,235,585
Net assets, June 30, 2011	\$ 401,111	\$ 2,390,892	\$ 2,792,003

See notes to the consolidated financial statements.

Common Cause & Affiliate

Consolidated Statements of Cash Flows

Year Ended June 30,	2012	2011
Cash flows from operating activities		
Change in net assets	\$ 69,072	\$ 1,556,418
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	19,773	16,395
Net loss (gain) on investments	22,818	(33,582)
Changes in assets and liabilities:		
Promises to give and other receivables	(416,460)	228,777
Prepaid expenses	9,697	20,421
Accounts payable and accrued expenses	51,714	100,609
Deferred rent	(73,894)	(29,822)
Total adjustments	(386,352)	302,798
Net cash (used in) provided by operating activities	(317,280)	1,859,216
Cash flows from investing activities		
Proceeds from sales and maturities of investments	1,924	579
Purchases of investments	(11,997)	(5,336)
Purchases of property and equipment	(20,179)	(18,796)
Net cash used in investing activities	(30,252)	(23,553)
Net (decrease) increase in cash and cash equivalents	(347,532)	1,835,663
Cash and cash equivalents, beginning of year	2,427,094	591,431
Cash and cash equivalents, end of year	\$ 2,079,562	\$ 2,427,094

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 founded in 1970 as a nonprofit, 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 established Common Cause Education Fund (the Education Fund) in 2000 as a separately incorporated entity. 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 years ended June 30, 2009 through 2012 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: All funds received from members are accounted for as contributions, which include unconditional promises to give (pledges receivable). Contributions are recognized as revenue when received or unconditionally promised. 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 expire (that is, when a stipulated time restriction ends or a purpose restriction is accomplished). 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 signed several contracts with third parties to provide mission related services such as education and training to those in international democracies and for other domestic projects.

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.

Common Cause & Affiliate

Notes to the Consolidated Financial Statements

A. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Program operations, lobbying, and communications includes the activities of National and Staff 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 Common Cause 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 follow.

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 expenses: The costs of providing various program and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited.

Subsequent events: Subsequent events have been evaluated through September 25, 2012, which is the date the consolidated financial statements were available to be issued.

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.

Common Cause & Affiliate

Notes to the Consolidated Financial Statements

B. CONCENTRATIONS - CONTINUED

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.

The following is a summary of the input levels used to determine fair values of investments, which are measured on a recurring basis, at June 30,:

2012	Total	Level 1	Level 2	Level 3
Money market funds	\$ 39,585	\$ 39,585	\$ -	\$ -
Certificates of deposit *	153,921		153,921	
Corporate bonds	20,300		20,300	
Mutual funds - fixed income	6,007	6,007		
Common stocks	171,207	171,207		
	\$ 391,020	\$ 216,799	\$ 174,221	\$ -

2011	Total	Level 1	Level 2	Level 3
Money market funds	\$ 39,727	\$ 39,727	\$ -	\$ -
Certificates of deposit *	150,401		150,401	
Corporate bonds	26,950		26,950	
Mutual funds - fixed income	5,639	5,639		
Common stocks	181,048	181,048		
	\$ 403,765	\$ 226,414	\$ 177,351	\$ -

* The Organization has pledged certain certificates of deposit as collateral for the letters-of-credit described in Note K.

Common Cause & Affiliate

Notes to the Consolidated Financial Statements

C. INVESTMENTS - CONTINUED

Money market funds, mutual funds, and common stocks, which were classified in Level 1, were valued based on quoted prices in active markets. Certificates of deposit, which were classified in Level 2, were valued based on original cost plus accrued interest, which approximates fair value. Corporate bonds classified, which were classified in Level 2, were valued by pricing vendors using outside data. In determining the fair value of the investments, the pricing vendors use a market approach and pricing spreads based on the credit risk of the issuer, maturity, current yield, and other terms and conditions of each security. Management believes the estimated fair value to be a reasonable approximation of the exit price for these investments.

Net investment (loss) income consists of the following for the years ended June 30,:

	2012	2011
Interest and dividends	\$ 15,047	\$ 7,709
Net (loss) gain on investments	(22,818)	33,582
Investment fees	(1,924)	(1,924)
	<u>\$ (9,695)</u>	<u>\$ 39,367</u>

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. Predominantly all promises to give are expected to be collected within one year.

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 consist of the following at June 30,:

	2012	2011
Promises to give		
Pledges and grants	\$ 1,060,790	\$ 745,945
Web contributions	145,000	50,005
Other receivables	6,620	-
	<u>\$ 1,212,410</u>	<u>\$ 795,950</u>

Common Cause & Affiliate

Notes to the Consolidated Financial Statements

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: equipment - 5 years; software - 3 years; furniture - 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 consists of the following at June 30,:

	2012	2011
Equipment, software, and furniture	\$ 814,234	\$ 889,301
Leasehold improvements	<u>46,963</u>	<u>46,963</u>
	861,197	936,264
Less accumulated depreciation and amortization	<u>(804,002)</u>	<u>(879,475)</u>
	<u>\$ 57,195</u>	<u>\$ 56,789</u>

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.

Designated: Designated net assets consist of a bequest, without donor restriction as to use, which was received by the New York state office (see Note G). The Governing Board passed a resolution to use the gift to establish an endowment for the benefit of both the national office and the New York state office.

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

	2012	2011
Undesignated	\$ 363,881	\$ 386,122
Board designated for endowment	<u>14,953</u>	<u>14,989</u>
	<u>\$ 378,834</u>	<u>\$ 401,111</u>

Notes to the Consolidated Financial Statements

G. ENDOWMENT

The Organization's endowment fund is an unrestricted fund established by the Governing Board to function as an endowment. The Organization has no traditional donor-restricted endowment funds.

Interpretation of Relevant Law

The Organization has interpreted the *Uniform Prudent Management of Institutional Funds Act of 2007 (UPMIFA)*, enacted by the District of Columbia, as requiring the preservation of the real (inflation-adjusted) purchasing power of the donor-restricted 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 has adopted an investment policy for endowment assets that attempts to provide a stream of funding to programs supported by the endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the Governing Board, the endowment assets are invested in a balanced portfolio comprised of fixed income and equity securities.

Strategies Employed for Achieving Objectives

To satisfy its long-term objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places more emphasis on equity securities to achieve its long-term return objectives.

Spending Policy and How Investment Objectives Relate to Spending Policy

The spending policy of the Organization has not yet been determined. However, once implemented, the policy will be consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity as well as to provide additional growth through investment return.

Fund Deficiencies

The original value of the endowment fund amounted to \$932,014. During the year ended June 30, 2009, the Organization's Governing Board approved a resolution to transfer \$744,290 from the endowment fund to the operating fund to improve the cash flow of the Organization. The Governing Board intends to repay the endowment fund. The repayment will be made in equal amounts over a three-year period with the first payment expected to be made during the year ending June 30, 2013. However, the repayment will be contingent upon the Organization's financial health and the recovery of the economy. As a result of the transfer to the operating fund and due to changes in the fair value of the underlying investments, the endowment fund deficiency totaled \$917,061 at June 30, 2012.

Common Cause & Affiliate

Notes to the Consolidated Financial Statements

G. ENDOWMENT - CONTINUED

Changes in endowment net assets consist of the following as of and for the years ended June 30,:

	2012			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment, July 1, 2011	\$ 14,989	\$ -	\$ -	\$ 14,989
Investment return				
Interest and dividends	380			380
Net loss on investments	(284)			(284)
Investment fees	(132)			(132)
	(36)	-	-	(36)
Endowment, June 30, 2012	\$ 14,953	\$ -	\$ -	\$ 14,953
	2011			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment, July 1, 2010	\$ 12,451	\$ -	\$ -	\$ 12,451
Investment return				
Interest and dividends	307			307
Net gain on investments	2,361			2,361
Investment fees	(130)			(130)
	2,538	-	-	2,538
Endowment, June 30, 2011	\$ 14,989	\$ -	\$ -	\$ 14,989

Common Cause & Affiliate

Notes to the Consolidated Financial Statements

H. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets include those net assets whose use has been donor restricted by either specified time or purpose limitations, and consist primarily of contributions received.

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

	July 1, 2011	Additions	Releases	June 30, 2012
Elections reform	\$ 890,887	\$ 1,022,434	\$ (751,147)	\$ 1,162,174
Ethics	121,906	50,000	(103,041)	68,865
Government accountability	267,169	201,500	(239,900)	228,769
Media and democracy	75,652	200,000		275,652
Money in politics	310,563	328,125	(360,427)	278,261
State office operations	724,715	241,624	(497,819)	468,520
	\$ 2,390,892	\$ 2,043,683	\$ (1,952,334)	\$ 2,482,241

	July 1, 2010	Additions	Releases	June 30, 2011
Elections reform	\$ 530,126	\$ 927,642	\$ (566,881)	\$ 890,887
Ethics	48,311	125,000	(51,405)	121,906
Government accountability	254,060	440,000	(426,891)	267,169
International programs	12,887	33,404	(46,291)	-
Media and democracy	112,931	2,500	(39,779)	75,652
Money in politics	1,235,163	517,600	(1,442,200)	310,563
Organizational development	1,230		(1,230)	-
State office operations	865,320	597,807	(738,412)	724,715
	\$ 3,060,028	\$ 2,643,953	\$ (3,313,089)	\$ 2,390,892

I. CONTRIBUTED SERVICES

Recorded: Donated services are recognized as contributions and expense in accordance with generally accepted accounting principles, if 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, totaling \$421,444 and \$485,374, during the years ended June 30, 2012 and 2011, respectively. In-kind contributions have been recognized as contributed services revenue and related expense at estimated fair value.

Common Cause & Affiliate

Notes to the Consolidated Financial Statements

I. CONTRIBUTED SERVICES - CONTINUED

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 office volunteers and state volunteer 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. Volunteers in state offices and congressional districts throughout the country also provide similar services. State advisory board members provide programmatic oversight, participate in program performance and generally support the operations of the state offices.

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 \$175,995 and \$140,762 for the years ended June 30, 2012 and 2011, 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 are reported as deferred rent in the accompanying consolidated statements of financial position and are 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 2016. Rent expense for the office leases totaled \$775,871 and \$756,895 for the years ended June 30, 2012 and 2011, respectively.

Future minimum cash basis office lease payments are as follows:

Year Ending June 30,	National	States	Total
2013	\$ 615,300	\$ 145,100	\$ 760,400
2014	639,300	97,900	737,200
2015	664,200	14,300	678,500
2016	399,900	1,100	401,000
	\$ 2,318,700	\$ 258,400	\$ 2,577,100

Common Cause & Affiliate

Notes to the Consolidated Financial Statements

K. COMMITMENTS AND CONTINGENCIES – CONTINUED

Subleases: The Organization subleases a portion of its national office space to certain unrelated tenants. The subleases have various expiration dates through 2014. Rental income from subleases totaled \$133,606 and \$189,949 for the years ended June 30, 2012 and 2011, respectively.

Future minimum cash basis sublease receipts are as follows:

Year Ending June 30,	Amount
2013	\$ 117,900
2014	<u>43,100</u>
	<u>\$ 161,000</u>

Letters-of-credit: The Organization has two letters-of-credit with a bank, totaling \$117,411 and \$14,153. The \$117,411 letter-of-credit must be maintained as part of the current national office space lease agreement and expires January 2016. The \$14,153 letter-of-credit must be maintained as part of the New York state office lease agreement and expires March 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 June 2014 and August 2014 and require minimum payments for the hosted environment used by the Organization.

Future minimum payments under the agreements are as follows:

Year Ending June 30,	Amount
2013	\$ 585,200
2014	585,200
2015	<u>41,200</u>
	<u>\$ 1,211,600</u>

T A T E



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Independent Auditor's Report on the Consolidating Information

To the Members and 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, 2012 and 2011 and issued our report thereon dated September 25, 2012, which expressed an unqualified opinion on the consolidated financial statements and appears on page one. Our audit was performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information is presented for purposes of additional analysis 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 25, 2012

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Common Cause & Affiliate

Consolidating Statement of Financial Position

June 30, 2012

	Common Cause	Education Fund	Elimination	Total
Assets				
Cash and cash equivalents	\$ 699,381	\$ 1,380,181	\$ -	\$ 2,079,562
Investments	351,936	39,084		391,020
Promises to give and other receivables	429,060	783,350		1,212,410
Amount due from affiliate	876,378		(876,378)	-
Prepaid expenses	91,894	3,425		95,319
Property and equipment	57,195			57,195
Total assets	\$ 2,505,844	\$ 2,206,040	\$ (876,378)	\$ 3,835,506
Liabilities and net assets				
Liabilities				
Accounts payable and accrued expenses	\$ 526,385	\$ 62,569	\$ -	\$ 588,954
Amount due to affiliate		876,378	(876,378)	-
Deferred rent	385,477			385,477
Total liabilities	911,862	938,947	(876,378)	974,431
Net assets				
Unrestricted	913,983	(535,149)		378,834
Temporarily restricted	679,999	1,802,242		2,482,241
Total net assets	1,593,982	1,267,093	-	2,861,075
Total liabilities and net assets	\$ 2,505,844	\$ 2,206,040	\$ (876,378)	\$ 3,835,506

Common Cause & Affiliate
Consolidating Statement of Activities
Year Ended June 30, 2012

	Unrestricted Activities			Temporarily Restricted Activities			Total
	Common	Education	Total	Common	Education	Total	
	Cause	Fund		Cause	Fund		
Revenue and support							
Contributions	\$ 4,829,058	\$ 2,732,113	\$ 7,561,171	\$ 80,000	\$ 1,982,059	\$ 2,062,059	\$ 9,623,230
Bequests	927,541	2,029	929,570			-	929,570
Contributed services	421,444		421,444			-	421,444
Contract income	156,105	15,500	171,605			-	171,605
Rental income	133,606		133,606			-	133,606
List rentals and other income	26,039		26,039			-	26,039
Investment income (loss)	7,593	1,088	8,681	(18,376)		(18,376)	(9,695)
	6,501,386	2,750,730	9,252,116	61,624	1,982,059	2,043,683	11,295,799
Net assets released from restriction	246,511	1,705,823	1,952,334	(246,511)	(1,705,823)	(1,952,334)	-
Total revenue and support	6,747,897	4,456,553	11,204,450	(184,887)	276,236	91,349	11,295,799
Expense							
Program services							
Educational activities		3,288,143	3,288,143			-	3,288,143
Program operations, lobbying, and communications	3,136,996		3,136,996			-	3,136,996
Program development and management	354,109	365,082	719,191			-	719,191
Total program services	3,491,105	3,653,225	7,144,330	-	-	-	7,144,330
Supporting services							
Fund raising, including new member acquisitions	1,522,842	543,080	2,065,922			-	2,065,922
General and administration	1,839,036	177,439	2,016,475			-	2,016,475
Total supporting services	3,361,878	720,519	4,082,397	-	-	-	4,082,397
Total expense	6,852,983	4,373,744	11,226,727	-	-	-	11,226,727
Change in net assets	(105,086)	82,809	(22,277)	(184,887)	276,236	91,349	69,072
Net assets, July 1, 2011	1,019,069	(617,958)	401,111	864,886	1,526,006	2,390,892	2,792,003
Net assets, June 30, 2012	\$ 913,983	\$ (535,149)	\$ 378,834	\$ 679,999	\$ 1,802,242	\$ 2,482,241	\$ 2,861,075