

**Audited Consolidated Financial Statements
with Consolidating Information**

COMMON CAUSE & AFFILIATE

June 30, 2013

Common Cause & Affiliate

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A Professional Corporation

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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 financial statements of Common Cause & Affiliate (the Organization), which comprise the consolidated statements of financial position as of June 30, 2013 and 2012, 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, 2013 and 2012, and the changes in their net assets and their 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,	2013	2012
Assets		
Cash and cash equivalents - Note B	\$ 1,445,328	\$ 2,079,562
Investments - Notes B & C	1,303,072	391,020
Promises to give and other receivables - Note D	1,147,032	1,212,410
Prepaid expenses	75,950	95,319
Property and equipment - Note E	322,618	57,195
Total assets	\$ 4,294,000	\$ 3,835,506
Liabilities and net assets		
Liabilities		
Accounts payable and accrued expenses	\$ 1,013,940	\$ 588,954
Deferred rent - Note K	318,432	385,477
Total liabilities	1,332,372	974,431
Commitments and contingencies - Note K	-	-
Net assets		
Unrestricted - Notes F & G	166,671	378,834
Temporarily restricted - Notes G & H	2,794,957	2,482,241
Total net assets	2,961,628	2,861,075
Total liabilities and net assets	\$ 4,294,000	\$ 3,835,506

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
Contributed services - Note I	944,985		944,985
Bequests	411,778		411,778
Contract income	138,661		138,661
Rental income - Note K	127,656		127,656
List rentals and other income	50,395		50,395
	9,146,928	3,383,030	12,529,958
Net assets released from restriction - Note H	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			
General and administration	2,073,805		2,073,805
Fund raising, including new member acquisitions	1,991,583		1,991,583
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 - Note C	(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 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
Contributed services - Note I	421,444		421,444
Bequests	929,570		929,570
Contract income	171,605		171,605
Rental income - Note K	133,606		133,606
List rentals and other income	26,039		26,039
	9,243,435	2,062,059	11,305,494
Net assets released from restriction - Note H	1,952,334	(1,952,334)	-
Total revenue and support	11,195,769	109,725	11,305,494
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			
General and administration	2,016,475		2,016,475
Fund raising, including new member acquisitions	2,065,922		2,065,922
Total supporting services	4,082,397	-	4,082,397
Total expense	11,226,727	-	11,226,727
Change in net assets from operations	(30,958)	109,725	78,767
Investment income (loss) - Note C	8,681	(18,376)	(9,695)
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

*Certain 2012 amounts have been reclassified for comparative purposes.
See notes to the consolidated financial statements.*

Common Cause & Affiliate

Consolidated Statements of Cash Flows

Year Ended June 30,	2013	2012
Cash flows from operating activities		
Change in net assets	\$ 100,553	\$ 69,072
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	19,165	19,773
Net (gain) loss on investments	(152,279)	22,818
Changes in assets and liabilities:		
Promises to give and other receivables	65,378	(416,460)
Prepaid expenses	19,369	9,697
Accounts payable and accrued expenses	424,986	51,714
Deferred rent	(67,045)	(73,894)
Total adjustments	309,574	(386,352)
Net cash provided by (used in) operating activities	410,127	(317,280)
Cash flows from investing activities		
Proceeds from sales and maturities of investments	2,619	1,924
Purchases of investments	(762,392)	(11,997)
Purchases of property and equipment	(284,588)	(20,179)
Net cash used in investing activities	(1,044,361)	(30,252)
Net decrease in cash and cash equivalents	(634,234)	(347,532)
Cash and cash equivalents, beginning of year	2,079,562	2,427,094
Cash and cash equivalents, end of year	\$ 1,445,328	\$ 2,079,562

*Certain 2012 amounts have been reclassified for comparative purposes.
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 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: 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 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.

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.

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.

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.

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.

Measure of operations: The Organization does not include investment income (loss) in the change in net assets from operations.

Subsequent events: Subsequent events have been evaluated through September 17, 2013, 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 classified within Level 1 include money market funds, mutual funds, and common stocks which were valued based on quoted prices for identical assets in active markets.

Investments classified within Level 2 include fixed income securities (certificates of deposit and corporate bonds). Certificates of deposit were valued based on original cost plus accrued interest, which approximates fair value. Corporate bonds were valued by a pricing vendor using outside data. In determining the fair value of the fixed income securities, 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 to be a reasonable approximation of the exit price for the investments.

Common Cause & Affiliate

Notes to the Consolidated Financial Statements

C. INVESTMENTS - CONTINUED

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,:

2013	Total	Level 1	Level 2	Level 3
Money market funds	\$ 105,885	\$ 105,885	\$ -	\$ -
Certificates of deposit *	153,922		153,922	
Corporate bonds	6,031		6,031	
Mutual funds - fixed income	6,161	6,161		
Mutual funds - equities	858,133	858,133		
Common stocks	172,940	172,940		
	\$ 1,303,072	\$ 1,143,119	\$ 159,953	\$ -

2012	Total	Level 1	Level 2	Level 3
Money market funds	\$ 39,584	\$ 39,584	\$ -	\$ -
Certificates of deposit *	153,922		153,922	
Corporate bonds	20,300		20,300	
Mutual funds - fixed income	6,007	6,007		
Common stocks	171,207	171,207		
	\$ 391,020	\$ 216,798	\$ 174,222	\$ -

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

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

	2013	2012
Net gain (loss) on investments	\$ 152,279	\$ (22,818)
Interest and dividends	14,241	15,047
Investment fees	(2,059)	(1,924)
	\$ 164,461	\$ (9,695)

Notes to the Consolidated Financial Statements

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,:

	2013	2012
Promises to give		
Pledges and grants	\$ 1,030,914	\$ 1,060,790
Web contributions	114,427	145,000
Other receivables	<u>1,691</u>	<u>6,620</u>
	<u>\$ 1,147,032</u>	<u>\$ 1,212,410</u>

Conditional promise to give: Under the terms of the gift agreement which established the George S. McGovern Great Government Endowment (see Note G), the Organization also received a conditional promise to give totaling \$500,000. The donor specified a matching gift of \$1 for every \$4 added to the endowment. Additions to the endowment satisfying the match may be obtained either in the form of restricted contributions from other donors or from the Organization's unrestricted funds. The matching incentive will be in effect until the total eligible matching gifts exceed \$2,000,000 or December 31, 2022, whichever is earlier.

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: 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 consists of the following at June 30,:

	2013	2012
Computer equipment and software	\$ 878,103	\$ 595,450
Furniture and other equipment	220,719	218,784
Leasehold improvements	46,963	46,963
	<u>1,145,785</u>	<u>861,197</u>
Less accumulated depreciation and amortization	<u>(823,167)</u>	<u>(804,002)</u>
	<u>\$ 322,618</u>	<u>\$ 57,195</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. Although the Governing Board has 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 have been classified within unrestricted, undesignated net assets.

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,:

	2013	2012
Undesignated		
General operations	\$ 76,533	\$ 363,881
Bob Edgar Legacy fund	73,515	-
Board designated for endowment	<u>16,623</u>	<u>14,953</u>
	<u>\$ 166,671</u>	<u>\$ 378,834</u>

Notes to the Consolidated Financial Statements

G. ENDOWMENTS

The Organization's endowment funds include 1) an unrestricted fund designated by the Governing Board to function as an endowment (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 the District of Columbia, 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

In relation to the board designated endowment fund only, the original value of the unrestricted endowment fund totaled \$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 supplement the cash flow of the Organization. The Governing Board intends to repay the endowment fund. The repayment was to be made in equal amounts over a three-year period with the first payment expected to be made during the year ended June 30, 2013. However, since the repayments were contingent upon the Organization's financial health and the recovery of the economy, no repayments were made during the year ended June 30, 2013. As a result of the transfer to the operating fund and due to changes in the fair value of the underlying investments, the unrestricted endowment fund deficiency totaled \$915,391 and \$917,061 at June 30, 2013 and 2012, respectively.

Common Cause & Affiliate

Notes to the Consolidated Financial Statements

G. ENDOWMENTS - CONTINUED

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

2013	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Board designated endowment	\$ 16,623	\$ -	\$ -	\$ 16,623
MGGE		826,027		826,027
	\$ 16,623	\$ 826,027	\$ -	\$ 842,650

2012	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Board designated endowment	\$ 14,953	\$ -	\$ -	\$ 14,953
MGGE		-		-
	\$ 14,953	\$ -	\$ -	\$ 14,953

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

2013	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowments, July 1, 2012	\$ 14,953	\$ -	\$ -	\$ 14,953
Contribution		750,000		750,000
Investment return				
Interest and dividends	330	2,380		2,710
Net gain on investments	1,479	105,753		107,232
Investment fees	(139)			(139)
	1,670	858,133	-	859,803
Appropriations		(32,106)		(32,106)
Endowments, June 30, 2013	\$ 16,623	\$ 826,027	\$ -	\$ 842,650

Common Cause & Affiliate

Notes to the Consolidated Financial Statements

G. ENDOWMENTS - CONTINUED

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

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

2013	Beginning	Additions	Releases	Ending
Election reform and protection	\$ 1,162,174	\$ 983,531	\$ (1,663,980)	\$ 481,725
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	468,520	373,847	(351,250)	491,117
	\$ 2,482,241	\$ 3,548,011	\$ (3,235,295)	\$ 2,794,957

* Government accountability includes the George S. McGovern Great Government Endowment (MGGE) which is described in Note G.

2012	Beginning	Additions	Releases	Ending
Election reform and protection	\$ 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

Notes to the Consolidated Financial Statements

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 \$944,985 and \$421,444, during the years ended June 30, 2013 and 2012, 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 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 \$198,133 and \$175,995 for the years ended June 30, 2013 and 2012, respectively.

Common Cause & Affiliate

Notes to the Consolidated Financial Statements

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 \$786,397 and \$775,871 for the years ended June 30, 2013 and 2012, respectively.

Future minimum cash basis office lease payments are as follows:

Year Ending June 30,	National	States	Total
2014	\$ 639,300	\$ 116,900	\$ 756,200
2015	664,200	29,200	693,400
2016	399,900	5,800	405,700
	\$ 1,703,400	\$ 151,900	\$ 1,855,300

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 \$127,656 and \$133,606 for the years ended June 30, 2013 and 2012, respectively.

Future minimum cash basis sublease receipts are as follows:

Year Ending June 30,	Amount
2014	\$ 67,900
2015	31,700
2016	20,100
	\$ 119,700

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.

Notes to the Consolidated Financial Statements

K. COMMITMENTS AND CONTINGENCIES – CONTINUED

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
2014	\$ 585,200
2015	<u>41,200</u>
	<u>\$ 626,400</u>

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 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, 2013 and 2012, and our report thereon dated September 17, 2013, 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 consolidating information 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 17, 2013

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Common Cause & Affiliate

Consolidating Statement of Financial Position

June 30, 2013

	Common Cause	Education Fund	Elimination	Consolidated Total
Assets				
Cash and cash equivalents	\$ 886,434	\$ 558,894	\$ -	\$ 1,445,328
Investments	404,562	898,510		1,303,072
Promises to give and other receivables	206,929	940,103		1,147,032
Amount due from affiliate	473,259		(473,259)	-
Prepaid expenses	72,525	3,425		75,950
Property and equipment	322,618			322,618
Total assets	\$ 2,366,327	\$ 2,400,932	\$ (473,259)	\$ 4,294,000
Liabilities and net assets				
Liabilities				
Accounts payable and accrued expenses	\$ 958,174	\$ 55,766	\$ -	\$ 1,013,940
Amount due to affiliate		473,259	(473,259)	-
Deferred rent	318,432			318,432
Total liabilities	1,276,606	529,025	(473,259)	1,332,372
Net assets				
Unrestricted	378,896	(212,225)		166,671
Temporarily restricted	710,825	2,084,132		2,794,957
Total net assets	1,089,721	1,871,907	-	2,961,628
Total liabilities and net assets	\$ 2,366,327	\$ 2,400,932	\$ (473,259)	\$ 4,294,000

Common Cause & Affiliate
Consolidating Statement of Activities
Year Ended June 30, 2013

	Unrestricted Activities			Temporarily Restricted Activities			Consolidated Total
	Common Cause	Education Fund	Total	Common Cause	Education Fund	Total	
Revenue and support							
Contributions	\$ 4,825,457	\$ 2,647,996	\$ 7,473,453	\$ 394,499	\$ 2,988,531	\$ 3,383,030	\$ 10,856,483
Contributed services	944,985		944,985			-	944,985
Bequests	390,408	21,370	411,778			-	411,778
Contract income	56,548	82,113	138,661			-	138,661
Rental income	127,656		127,656			-	127,656
List rentals and other income	49,568	827	50,395			-	50,395
	6,394,622	2,752,306	9,146,928	394,499	2,988,531	3,383,030	12,529,958
Net assets released from restriction	420,521	2,814,774	3,235,295	(420,521)	(2,814,774)	(3,235,295)	-
Total revenue and support	6,815,143	5,567,080	12,382,223	(26,022)	173,757	147,735	12,529,958
Expense							
Program services							
Educational activities		4,248,384	4,248,384			-	4,248,384
Program operations, lobbying, and communications	3,503,332		3,503,332			-	3,503,332
Program development and management	418,628	358,134	776,762			-	776,762
Total program services	3,921,960	4,606,518	8,528,478	-	-	-	8,528,478
Supporting services							
General and administration	1,731,945	341,860	2,073,805			-	2,073,805
Fund raising, including new member acquisitions	1,588,221	403,362	1,991,583			-	1,991,583
Total supporting services	3,320,166	745,222	4,065,388	-	-	-	4,065,388
Total expense	7,242,126	5,351,740	12,593,866	-	-	-	12,593,866
Change in net assets from operations	(426,983)	215,340	(211,643)	(26,022)	173,757	147,735	(63,908)
Investment (loss) income	(1,889)	1,369	(520)	56,848	108,133	164,981	164,461
Unreimbursed state affiliate costs	(106,215)	106,215	-			-	-
Change in net assets	(535,087)	322,924	(212,163)	30,826	281,890	312,716	100,553
Net assets, July 1, 2012	913,983	(535,149)	378,834	679,999	1,802,242	2,482,241	2,861,075
Net assets, June 30, 2013	\$ 378,896	\$ (212,225)	\$ 166,671	\$ 710,825	\$ 2,084,132	\$ 2,794,957	\$ 2,961,628