

# **Common Cause and Affiliate**

Consolidated Financial Report  
June 30, 2021

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## Independent Auditor's Report

RSM US LLP

Members and National Governing Board  
Common Cause and Affiliate

### Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Common Cause and Affiliate (the Organization), which comprise the consolidated statements of financial position as of June 30, 2021 and 2020, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 financial statements.

We believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Common Cause and Affiliate as of June 30, 2021 and 2020, 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.

*RSM US LLP*

Washington, D.C.  
November 8, 2021

**Common Cause and Affiliate**

**Consolidated Statements of Financial Position  
June 30, 2021 and 2020**

	2021	2020
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 18,289,784	\$ 9,082,401
Investments	9,233,217	4,708,514
Promises to give	1,199,044	1,269,521
Prepaid expenses	452,528	380,140
Property and equipment, net	677,645	843,830
	<u>677,645</u>	<u>843,830</u>
<b>Total assets</b>	<b>\$ 29,852,218</b>	<b>\$ 16,284,406</b>
	<u><u>\$ 29,852,218</u></u>	<u><u>\$ 16,284,406</u></u>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 1,374,388	\$ 1,146,550
Deferred rent	1,067,453	1,190,093
Note payable	1,129,700	1,129,700
	<u>1,129,700</u>	<u>1,129,700</u>
<b>Total liabilities</b>	<b>3,571,541</b>	3,466,343
	<u>3,571,541</u>	<u>3,466,343</u>
Commitments and contingencies (Note 13)		
Net assets:		
Without donor restrictions	15,480,374	3,631,706
With donor restrictions	10,800,303	9,186,357
	<u>10,800,303</u>	<u>9,186,357</u>
<b>Total net assets</b>	<b>26,280,677</b>	12,818,063
	<u>26,280,677</u>	<u>12,818,063</u>
<b>Total liabilities and net assets</b>	<b>\$ 29,852,218</b>	<b>\$ 16,284,406</b>
	<u><u>\$ 29,852,218</u></u>	<u><u>\$ 16,284,406</u></u>

See notes to consolidated financial statements.

**Common Cause and Affiliate**

**Consolidated Statement of Activities  
Year Ended June 30, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue and support:</b>			
Contributions	\$ 27,155,340	\$ 6,843,744	\$ 33,999,084
Bequests	3,359,443	-	3,359,443
Contributed services	2,897,705	-	2,897,705
Other income	111,596	-	111,596
Rental income	42,000	-	42,000
Net assets released from restrictions	6,553,832	(6,553,832)	-
<b>Total revenue and support</b>	<b>40,119,916</b>	<b>289,912</b>	<b>40,409,828</b>
<b>Expenses:</b>			
<b>Program services:</b>			
Educational activities	14,938,894	-	14,938,894
Program operations, lobbying and communications	5,670,825	-	5,670,825
Program development and management	237,573	-	237,573
<b>Total program services</b>	<b>20,847,292</b>	<b>-</b>	<b>20,847,292</b>
<b>Supporting services:</b>			
Fund raising, including new member acquisitions	3,995,546	-	3,995,546
General and administration	3,499,859	-	3,499,859
<b>Total supporting services</b>	<b>7,495,405</b>	<b>-</b>	<b>7,495,405</b>
<b>Total expenses</b>	<b>28,342,697</b>	<b>-</b>	<b>28,342,697</b>
<b>Change in net assets from operations</b>	<b>11,777,219</b>	<b>289,912</b>	<b>12,067,131</b>
Net investment return	71,449	1,324,034	1,395,483
<b>Change in net assets</b>	<b>11,848,668</b>	<b>1,613,946</b>	<b>13,462,614</b>
<b>Net assets:</b>			
Beginning	3,631,706	9,186,357	12,818,063
Ending	<b>\$ 15,480,374</b>	<b>\$ 10,800,303</b>	<b>\$ 26,280,677</b>

See notes to consolidated financial statements.

**Common Cause and Affiliate**

**Consolidated Statement of Activities  
Year Ended June 30, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue and support:</b>			
Contributions	\$ 12,971,378	\$ 7,827,975	\$ 20,799,353
Bequests	895,165	-	895,165
Contributed services	1,964,083	-	1,964,083
Other income	146,891	-	146,891
Rental income	48,900	-	48,900
Net assets released from restrictions	6,582,413	(6,582,413)	-
<b>Total revenue and support</b>	<b>22,608,830</b>	<b>1,245,562</b>	<b>23,854,392</b>
<b>Expenses:</b>			
Program services:			
Educational activities	7,640,963	-	7,640,963
Program operations, lobbying and communications	5,330,948	-	5,330,948
Program development and management	1,053,490	-	1,053,490
<b>Total program services</b>	<b>14,025,401</b>	<b>-</b>	<b>14,025,401</b>
Supporting services:			
Fund raising, including new member acquisitions	3,566,997	-	3,566,997
General and administration	3,073,461	-	3,073,461
<b>Total supporting services</b>	<b>6,640,458</b>	<b>-</b>	<b>6,640,458</b>
<b>Total expenses</b>	<b>20,665,859</b>	<b>-</b>	<b>20,665,859</b>
<b>Change in net assets from operations</b>	<b>1,942,971</b>	<b>1,245,562</b>	<b>3,188,533</b>
Net investment return	59,783	(178,184)	(118,401)
<b>Change in net assets</b>	<b>2,002,754</b>	<b>1,067,378</b>	<b>3,070,132</b>
Net assets:			
Beginning	1,628,952	8,118,979	9,747,931
Ending	<b>\$ 3,631,706</b>	<b>\$ 9,186,357</b>	<b>\$ 12,818,063</b>

See notes to consolidated financial statements.

**Common Cause and Affiliate**

**Consolidated Statements of Cash Flows  
Years Ended June 30, 2021 and 2020**

	2021	2020
Cash flows from operating activities:		
Change in net assets	\$ 13,462,614	\$ 3,070,132
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net (gain) loss on investments	(1,351,951)	141,320
Bad debt expense	2,465	3,655
Depreciation and amortization	193,148	218,156
Deferred rent	(122,640)	(104,078)
Changes in assets and liabilities:		
(Increase) decrease in:		
Promises to give	68,012	2,303,098
Prepaid expenses	(72,388)	42,463
Increase in:		
Accounts payable and accrued expenses	227,838	166,338
<b>Net cash provided by operating activities</b>	<b>12,407,098</b>	<b>5,841,084</b>
Cash flows from investing activities:		
Proceeds from sales and maturities of investments	92,349	403,349
Purchases and donations of investments	(3,265,101)	(851,913)
Purchases of property and equipment	(26,963)	(33,910)
<b>Net cash used in investing activities</b>	<b>(3,199,715)</b>	<b>(482,474)</b>
Cash flows from financing activities:		
Proceeds from note payable	-	1,129,700
<b>Net cash provided by financing activities</b>	<b>-</b>	<b>1,129,700</b>
<b>Net increase in cash and cash equivalents</b>	<b>9,207,383</b>	<b>6,488,310</b>
Cash and cash equivalents:		
Beginning	9,082,401	2,594,091
Ending	\$ 18,289,784	\$ 9,082,401
Supplemental schedule of noncash investing activities:		
Securities donated during the year	\$ 1,967,540	\$ 29,852

See notes to consolidated financial statements.

## Common Cause and Affiliate

### Notes to Consolidated Financial Statements

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#### Note 1. Nature of Activities and Significant Accounting Policies

**Nature of activities:** Common Cause was formed in 1968 as a nonprofit under the laws of the District of Columbia. Common Cause is a nonpartisan, grassroots organization dedicated to upholding the core values of American democracy. Common Cause works to create open, honest, and accountable government that serves the public interest; promotes equal rights, opportunity and representation for all; and empowers all people to make their voices heard in the political process. Common Cause has an innovative, pragmatic and comprehensive pro-democracy agenda. Common Cause leads and defines the democracy reform movement, promoting solutions already succeeding in some communities to shift power to the people.

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 provides public education, engagement, and research. Grants and tax-deductible contributions to the Education Fund increase capacity to build public engagement on democracy issues and promote the effective citizen participation so critical for a healthy, robust democratic society.

Together, Common Cause and the Education Fund, employ a powerful combination of grassroots organizing, coalition building, research, policy development, public education, lobbying and litigation to win reform at all levels of government.

Program services include the following activities:

**Educational activities:** The activities of this program service include the functions of the Education Fund, which encompass the following goals:

- 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:
  1. 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;
  2. 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 and represents people; 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 embedding equity in all of these components of an open, representative, and responsive democracy; and
  3. Foster a new growth of citizen participation in government and democracy 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 and Affiliate

### Notes to Consolidated Financial Statements

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#### Note 1. Nature of Activities and Significant Accounting Policies (Continued)

**Program operations, lobbying and communications:** The activities of this program service include the functions of Common Cause's national and state volunteers which encompass the following goals:

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

**Program development and management:** The activities of this program service include development and direction of Common Cause's and the Education Fund's program activities including research and preparation of position papers or analyses on national and state issues, maintaining communications with the National Governing Board (the Board) and developing and maintaining partnerships with allied organizations.

Supporting services include the following activities:

**Fund raising, including new member acquisition:** The activities of this supporting service include new member acquisition and other activities that encourage and secure financial support for the Organization.

**General and administration:** The activities of this supporting service include the administrative processes of the Organization, such as managing operations and financial responsibilities.

A summary of Common Cause's and the Education Fund's significant accounting policies follows:

**Principles of consolidation:** The consolidated financial statements include the accounts of Common Cause and the Education Fund. Significant inter-entity accounts and transactions have been eliminated in consolidation. For purposes of this report, the entities are collectively referred to as the Organization.

**Basis of presentation:** The Organization follows the accounting requirements of the Not-for-Profit Entities topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). Under the FASB ASC, the Organization is required to report information regarding its net assets and its activities according to two categories 1) net assets without donor restrictions, and 2) net assets with donor restrictions.

**Without donor restrictions:** Net assets without donor restrictions 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. The Organization has a board-designated fund which is referred to as the Reserve Fund. The Board established the Reserve Fund to seize opportunities and prepare for emergencies. Effective July 1, 2021, the Organization's goal is to accumulate a reserve fund equal to \$12 million. In order to achieve this goal, 100% of all bequests received will be allocated to the Reserve Fund.

## Common Cause and Affiliate

### Notes to Consolidated Financial Statements

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#### Note 1. Nature of Activities and Significant Accounting Policies (Continued)

**With donor restrictions:** Net assets with donor restrictions include those net assets whose use is subject to donor-imposed restrictions. Donor restrictions may be for a specified time or purpose limitation or the donor may specify that the corpus of their original and certain subsequent gifts be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

**Use of estimates:** The preparation of the consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

**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 (IRC). The Education Fund is classified as other than a private foundation within the meaning of Section 509(a)(1) of the IRC.

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

**Investments:** Investments with readily determinable fair values are reflected at fair value. To adjust the carrying value of these investments, the change in fair value is charged or credited to net investment return on the consolidated statement of activities.

**Financial 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. However, the Organization has not experienced any losses in these accounts and believes it is not exposed to a significant level of credit risk.

The Organization invests in various types of 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 financial statements may not be reflective of the portfolio's value during subsequent periods.

**Promises to give:** Promises to give include unconditional promises to give from donors. Promises to give are expected to be collected within one year and have been recorded at net realizable value. Management periodically reviews the status of all promises to give for collectability. Each promise to give is assessed based on management's knowledge of and relationship with the donor and the payment history of each donor. As a result of these reviews, promises to give 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 had been recorded. Bad debt expense totaled \$2,465 and \$3,655 for the years ended June 30, 2021 and 2020, respectively.

## Common Cause and Affiliate

### Notes to Consolidated Financial Statements

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#### Note 1. Nature of Activities and Significant Accounting Policies (Continued)

**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 estimated useful lives. Computer equipment and software are depreciated over a three- to five-year period. Furniture and other equipment are depreciated over a period ranging from five to seven 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.

**Valuation of long-lived assets:** Long-lived property, such as leasehold improvements, that suffers a permanent impairment will be written down to fair value and an impairment loss equal to the difference between the property's carrying amount and fair value would be included as a reduction in the change in net assets from operations.

**Deferred rent:** The Organization recognizes the minimum rents required under a lease as rent expense on a straight-line basis over the term of the lease. Differences between amounts recorded as expense and amounts actually paid are reported as deferred rent in the consolidated statements of financial position along with the unamortized landlord provided tenant improvement allowance (see Note 13).

**Contributions:** Unconditional contributions are recognized when received. Conditional contributions are recognized when the donor-imposed barrier stipulated in the donor gift agreement has been overcome. Contributions, including bequests, are classified within activities without donor restrictions or within activities with donor restrictions depending upon the existence and/or nature of any donor restrictions. Net assets with donor restrictions are reclassified to net assets without donor restrictions when either the purpose restriction is satisfied, or the time restriction expires. Contributions with donor restrictions that is both received and released in the same period is classified as without donor restrictions in the consolidated statements of activities.

**Contributed services:** Contributed (donated) services are recognized on the consolidated statements of activities as contributions and expenses in equal amounts in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) 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. Contributed services have been recorded using the estimated fair market value of the services provided (see Note 10).

**Allocation of expenses:** The costs of providing the various program and supporting activities of the Organization have been summarized on a functional basis on the consolidated statements of activities. Costs related to a specific functional activity are charged directly to that activity. However, other indirect costs are allocated among the program and supporting services benefited based on management's best estimates. In particular, salaries and benefits along with other shared costs, such as occupancy, are allocated based on estimated employee effort.

**Measure of operations:** The Organization does not include net investment return in the change in net assets from operations.

## Common Cause and Affiliate

### Notes to Consolidated Financial Statements

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#### Note 1. Nature of Activities and Significant Accounting Policies (Continued)

**Recent accounting pronouncement adopted:** FASB Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, clarifies the guidance for evaluating whether a transaction is reciprocal (i.e., an exchange transaction) or nonreciprocal (i.e., a contribution) and for distinguishing between conditional and unconditional contributions. The Organization adopted the standard for contributions received effective for the year ended June 30, 2020. The Organization adopted the standard for contributions made effective for the year ended June 30, 2021, using the modified prospective method. Based on The Organization's review of the contributions it makes, the timing and amount of expense recognized previously is consistent with how expense is recognized under the new standard. Based on management's review of its contributions made, the timing of the amount of grant expenses recognized previously is consistent with how grant expenses are recognized under this new standard. Therefore, the adoption of this standard had no impact on the financial statements, but the standard does require additional disclosures related to conditional contributions when they are present.

**Upcoming accounting pronouncements:** FASB ASU 2016-02, *Leases (Topic 842)* supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating with classification affecting the pattern of expense recognition in the statement of activities. The new standard is effective for the Organization's year ending June 30, 2023. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Organization anticipates adopting the new standard during the year ending June 30, 2023 and is currently evaluating the impact of the adoption of the new standard on the financial statements.

FASB ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, requires a not-for-profit entity to present contributed nonfinancial assets in the statements of activities as a line item that is separate from contributions of cash or other financial assets. ASU 2020-07 also requires additional qualitative and quantitative disclosures about contributed nonfinancial assets received, disaggregated by category. This ASU is effective for the Organization's year ending June 30, 2022. ASU 2020-07 is not expected to have a significant impact on the Organization's financial statements.

**Subsequent events:** Subsequent events have been evaluated through November 8, 2021, which is the date the consolidated financial statements were available to be issued.

## Common Cause and Affiliate

### Notes to Consolidated Financial Statements

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#### Note 2. Fair Value Measurements and Investments

The Organization follows the accounting standards topic regarding fair value measurements, which establishes a framework for measuring fair value in accordance with U.S. GAAP and expands disclosures about fair value measurements. This standard uses the following prioritized input levels to measure fair value. 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 presented at fair value using Level 1 inputs were valued based on quoted prices for identical assets in active markets.

Investments presented at fair value using Level 2 inputs include certificates of deposit (held in the Fidelity reserve fund accounts), the fair values of which were provided 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 values of investments to be a reasonable approximation of their exit price.

The following is a summary of investments at June 30, 2021:

	Level 1	Level 2	Level 3	Total
Investments at fair value:				
Mutual fund – small cap equity	\$ 3,953,107	\$ -	\$ -	\$ 3,953,107
Money market funds	2,053,451	-	-	2,053,451
Common stocks	1,131,074	-	-	1,131,074
Certificates of deposit	-	652,342	-	652,342
	<u>\$ 7,137,632</u>	<u>\$ 652,342</u>	<u>\$ -</u>	<u>7,789,974</u>
Investments at cost:				
Cash and cash equivalents				1,417,359
Certificate of deposit				25,884
				<u>1,443,243</u>
				<u>\$ 9,233,217</u>

## Common Cause and Affiliate

### Notes to Consolidated Financial Statements

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#### Note 2. Fair Value Measurements and Investments (Continued)

The following is a summary of investments at June 30, 2020:

	Level 1	Level 2	Level 3	Total
Investments at fair value:				
Mutual fund – small cap equity	\$ 2,555,087	\$ -	\$ -	\$ 2,555,087
Money market funds	785,299	-	-	785,299
Common stocks	379,515	-	-	379,515
Certificates of deposit	-	917,287	-	917,287
	<u>\$ 3,719,901</u>	<u>\$ 917,287</u>	<u>\$ -</u>	<u>4,637,188</u>
Investments at cost:				
Cash and cash equivalents				45,873
Certificate of deposit				25,453
				<u>71,326</u>
				<u>\$ 4,708,514</u>

Investments have been segregated into the following separate portfolio accounts at June 30, 2021 and 2020:

	2021	2020
Endowment for MGGE (see Note 9)	\$ 3,954,422	\$ 2,555,241
Fidelity reserve fund accounts	2,704,479	1,702,432
Rankin Trust for Colorado Office	533,157	352,091
Donated stock held at year-end	2,015,706	73,297
Other investment	25,453	25,453
	<u>\$ 9,233,217</u>	<u>\$ 4,708,514</u>

Net investment return consisted of the following for the years ended June 30, 2021 and 2020:

	2021	2020
Net gain (loss) on investments	\$ 1,351,951	\$ (141,320)
Interest and dividends	53,602	29,610
Investment fees	(10,070)	(6,691)
	<u>\$ 1,395,483</u>	<u>\$ (118,401)</u>

## Common Cause and Affiliate

### Notes to Consolidated Financial Statements

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#### Note 3. Promises to Give

**Unconditional:** Promises to give consisted of unconditional contributions due in less than one year and totaled \$1,199,044 and \$1,269,521 at June 30, 2021 and 2020, respectively.

**Conditional:** The Organization also has a conditional promise to give from a donor, which has not been recorded in the consolidated financial statements. Future payments are contingent upon the Organization carrying out certain activities, such as raising matching contributions, which will meet the donor-imposed barrier stipulated in the donor gift agreement. The unrecorded conditional contributions totaled \$100,000 and \$150,000 at June 30, 2021 and 2020, respectively.

#### Note 4. Liquidity and Availability of Resources

The Organization receives significant contributions, which are restricted by donors. Therefore, the Organization considers contributions restricted for programs, which are ongoing and central to its annual operations to be available to meet cash needs for general expenditures.

The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs and maintaining a level of reserves to provide reasonable assurance that long-term obligations will be discharged.

The Organization has a reserve policy targeting a goal of three months of operating expenditures in net assets without donor restrictions, which includes undesignated and designated net assets. The Organization currently has net assets without donor restrictions equal to approximately four weeks of expected operating expenditures. To achieve its target reserve level, the Organization continues to add at least 50% of all bequests to reserves and has invested in lower risk investments that have less market volatility. Reserves are monitored monthly and the investment policy is reviewed at least every three years. The Organization's level of liquidity and reserves was managed within the policy requirements during both of the years ended June 30, 2021 and 2020. Board-designated amounts, such as the reserve fund, could be undesignated should the need arise.

Financial assets available for general expenditure within one year consisted of the following as of June 30, 2021 and 2020:

	2021	2020
Financial assets:		
Cash and cash equivalents	\$ 18,289,784	\$ 9,082,401
Investments	9,233,217	4,708,514
Promises to give	1,199,044	1,269,521
	<u>28,722,045</u>	<u>15,060,436</u>
Amounts not available for general expenditures within one year:		
Board designated net assets	(5,898,674)	(2,539,231)
	<u>\$ 22,823,371</u>	<u>\$ 12,521,205</u>

**Line of credit:** Common Cause has an \$1,000,000 open end revolving line of credit with a bank that is secured by cash and any investments held by the same bank, plus all other assets. Any outstanding balance due on the line of credit would be payable on demand with interest calculated using a variable rate in accordance with the line of credit agreement. There were no draw downs on the line of credit during the years ended June 30, 2021 and 2020, and the outstanding balance due on the line of credit totaled \$0 at June 30, 2021 and 2020.

## Common Cause and Affiliate

### Notes to Consolidated Financial Statements

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#### Note 5. Property and Equipment

Property and equipment consisted of the following at June 30, 2021 and 2020:

	2021	2020
Computer equipment and software	\$ 336,065	\$ 309,101
Furniture and other equipment	223,228	223,228
Leasehold improvements	1,179,613	1,179,613
	<u>1,738,906</u>	<u>1,711,942</u>
Less accumulated depreciation and amortization	(1,061,261)	(868,112)
	<u>\$ 677,645</u>	<u>\$ 843,830</u>

#### Note 6. Note Payable

In May 2020, the Organization obtained a loan totaling \$1,129,700 pursuant to the Paycheck Protection Program (PPP) under Division A, Title I of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) of March 27, 2020. Proceeds from the loan may only be used for payroll costs, costs used to continue group healthcare benefits, mortgage payments, rent, utilities and interest on other debt obligations incurred after February 15, 2020. The Organization expected to use the entire proceeds of the loan for qualifying expenses as described in the CARES Act. The Organization elected to record the note payable related to the PPP loan in accordance with ASC Topic 470: Debt. The Organization received official notification of forgiveness from the Small Business Administration (SBA) on September 1, 2021. Therefore, the Organization wrote off the entire balance as a gain on forgiveness of note payable in September 2021, which will be reported in the consolidated financial statements during the year ending June 30, 2022.

#### Note 7. Net Assets Without Donor Restrictions

Net assets without donor restrictions consisted of the following at June 30, 2021 and 2020:

	2021	2020
Undesignated:		
CCAUSE	\$ 6,102,228	\$ 700,126
Education Fund	3,479,472	392,349
	<u>9,581,700</u>	<u>1,092,475</u>
Board designated:		
Reserve	5,898,674	2,539,231
	<u>\$ 15,480,374</u>	<u>\$ 3,631,706</u>

Cash and investments held to fund the board-designated reserve consisted of the following at June 30, 2021 and 2020:

	2021	2020
Reserve investment accounts	\$ 2,704,479	\$ 1,702,432
Reserve cash accounts	2,664,733	675,527
Held in operating cash	529,462	161,272
	<u>\$ 5,898,674</u>	<u>\$ 2,539,231</u>



## Common Cause and Affiliate

### Notes to Consolidated Financial Statements

#### Note 8. Net Assets With Donor Restrictions

Net assets with donor restrictions and related activities consisted of the following as of and for the year ended June 30, 2021:

	Beginning Balance	Transfers	Contributions and Net Investment Return	Releases From Restrictions	Ending Balance
Government accountability	\$ 2,420,080	\$ -	\$ 1,397,968	\$ (119,989)	\$ 3,698,059
Other restricted funds	905,984	144,091	1,856,250	(331,012)	2,575,313
Election reform and protection	3,813,616	112,740	2,926,500	(4,122,541)	2,730,315
State office operations	908,618	(370,966)	1,644,560	(1,109,992)	1,072,220
Money in politics	854,754	72,260	117,500	(631,380)	413,134
Media and democracy	283,305	41,875	225,000	(238,918)	311,262
	<u>\$ 9,186,357</u>	<u>\$ -</u>	<u>\$ 8,167,778</u>	<u>\$ (6,553,832)</u>	<u>\$ 10,800,303</u>

Net assets with donor restrictions and related activities consisted of the following as of and for the year ended June 30, 2020:

	Beginning Balance	Transfers	Contributions and Net Investment Return	Releases From Restrictions	Ending Balance
Government accountability	\$ 2,430,429	\$ -	\$ 117,664	\$ (128,013)	\$ 2,420,080
Other restricted funds	461,870	-	699,954	(255,840)	905,984
Election reform and protection	2,399,922	-	4,881,300	(3,467,606)	3,813,616
State office operations	1,858,844	-	623,473	(1,573,699)	908,618
Money in politics	577,552	-	1,227,400	(950,198)	854,754
Media and democracy	390,362	-	100,000	(207,057)	283,305
	<u>\$ 8,118,979</u>	<u>\$ -</u>	<u>\$ 7,649,791</u>	<u>\$ (6,582,413)</u>	<u>\$ 9,186,357</u>

#### Note 9. Endowment Fund

The Organization's endowment funds may, from time to time, include both board-designated and donor-restricted funds. However, the Organization only has one donor-restricted endowment fund. In accordance with the George S. McGovern Great Government Endowment (MGGE) gift agreement, the Organization may spend both the principal and the investment earnings to support the activities of the great government program. The government accountability category of net assets with donor restrictions is the same as the MGGE fund.

**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.

## Common Cause and Affiliate

### Notes to Consolidated Financial Statements

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#### Note 9. Endowment Fund (Continued)

**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, may fall below the amount originally intended to be held in perpetuity as the principal for an endowment fund. In accordance with U.S. GAAP, deficiencies of this nature would be reported in net assets with donor restrictions and typically result from unfavorable market fluctuations or continued appropriation when deemed prudent by the Board. However, the Organization had no such deficiencies at June 30, 2021 and 2020.

Changes in the donor-restricted endowment fund, which has no amounts to be held in perpetuity, consisted of the following as of and for the year ended June 30, 2021 and 2020:

	2021	2020
Beginning balance	\$ 2,420,080	\$ 2,430,429
Contributions	255,000	272,000
Net investment gain (loss)	1,142,968	(154,336)
Appropriations	(119,989)	(128,013)
Ending balance	<u>\$ 3,698,059</u>	<u>\$ 2,420,080</u>

#### Note 10. Contributed Services

**Recorded:** Related to its program services activities, the Organization received donated legal services totaling \$2,897,705 and \$1,964,083 during the years ended June 30, 2021 and 2020, respectively. In-kind contributions of donated services have been recognized at estimated fair value in equal amounts within both contributed services revenue and legal expense within program services.

**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 and Affiliate

### Notes to Consolidated Financial Statements

#### Note 11. Retirement Plan

The Organization maintains a defined contribution 401(k) retirement plan available to all employees meeting certain eligibility requirements, as defined in the Plan document. Under the terms of the plan, employees may defer a portion of their annual compensation to the plan each year, not to exceed Internal Revenue Service (IRS) limits. The Organization provides a discretionary contribution, a portion of which is a matching contribution. The Organization's contributions under the plan totaled \$331,068 and \$287,977 for the years ended June 30, 2021 and 2020, respectively.

#### Note 12. Functional Expenses

Functional expenses consisted of the following for the year ended June 30, 2021:

	Program Services			Supporting Services		Total
	Educational Activities	Program Operations, Lobbying and Communications	Program Development and Management	Fundraising, Including New Member Acquisitions	General and Administrative	
Salaries and benefits	\$ 6,260,028	\$ 1,467,687	\$ 137,793	\$ 1,175,687	\$ 1,639,565	\$ 10,680,760
Consultants/professional fees	5,585,677	854,370	18,664	248,322	256,238	6,963,271
Public relations	2,151,354	114,758	-	2,236,971	24,648	4,527,731
Contributed services	-	2,897,705	-	-	-	2,897,705
Occupancy	286,424	160,427	3,312	1,784	765,963	1,217,910
Information technology	189,490	104,868	782	279,263	503,431	1,077,834
Other expense	327,537	51,959	69,686	53,358	309,135	811,675
Travel, conferences and meetings	138,384	19,051	7,336	161	879	165,811
	<u>\$ 14,938,894</u>	<u>\$ 5,670,825</u>	<u>\$ 237,573</u>	<u>\$ 3,995,546</u>	<u>\$ 3,499,859</u>	<u>\$ 28,342,697</u>

Functional expenses consisted of the following for the year ended June 30, 2020:

	Program Services			Supporting Services		Total
	Educational Activities	Program Operations, Lobbying and Communications	Program Development and Management	Fundraising, Including New Member Acquisitions	General and Administrative	
Salaries and benefits	\$ 4,894,914	\$ 1,770,973	\$ 752,571	\$ 985,075	\$ 1,108,273	\$ 9,511,806
Consultants/professional fees	1,691,899	1,043,027	146,816	38,959	215,444	3,136,145
Public relations	127,103	63,451	19,109	2,222,386	9,558	2,441,607
Contributed services	-	1,964,083	-	-	-	1,964,083
Occupancy	281,691	152,727	9,142	1,918	769,216	1,214,694
Information technology	74,970	221,585	932	250,221	467,259	1,014,967
Other expense	187,226	66,769	3,430	58,552	387,730	703,707
Travel, conferences and meetings	383,160	48,333	121,490	9,886	115,981	678,850
	<u>\$ 7,640,963</u>	<u>\$ 5,330,948</u>	<u>\$ 1,053,490</u>	<u>\$ 3,566,997</u>	<u>\$ 3,073,461</u>	<u>\$ 20,665,859</u>

## Common Cause and Affiliate

### Notes to Consolidated Financial Statements

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#### Note 13. Commitments and Contingencies

**Office lease:** Common Cause has an operating lease for the National office at 805 15th Street in Washington, D.C. The lease is scheduled to expire in February 2027. The terms of the office lease agreement, including amendments, require a \$175,000 security deposit, which has been classified within prepaid expenses in the financial statements. In addition, the office lease agreement provides a 50% abatement of rent due for April 2016 through January 2017 and includes an escalation clause that adjusts annual base rentals. In addition, the terms of the office lease provided a tenant improvement allowance totaling \$1,224,466 as an incentive to lease the office space, all of which was for leasehold improvements and furniture and equipment, which have been capitalized and for other costs, which were expensed as incurred.

U.S. GAAP requires that the cost of the tenant improvements be capitalized and depreciated or amortized as property and equipment. U.S. GAAP also requires that the lease incentive along with the rent abatement and scheduled rent increases resulting from the escalation of base rentals be recorded as a liability and amortized ratably so as to record rent expense on a straight-line basis over the term of the office lease agreement. The liability for deferred rent totaled \$1,067,453 and \$1,190,093 at June 30, 2021 and 2020, respectively.

**State offices:** Under various operating lease agreements, Common Cause has office space for certain state offices. The terms of the state office leases cover varying periods through 2025.

Future minimum cash basis lease payments related to both the national and state offices are as follows:

	National	States	Total
Years ending June 30:			
2022	\$ 780,100	\$ 203,061	\$ 983,161
2023	799,600	185,058	984,658
2024	819,600	118,572	938,172
2025	840,000	16,690	856,690
2026	861,100	-	861,100
Thereafter	584,800	-	584,800
	<u>\$ 4,685,200</u>	<u>\$ 523,381</u>	<u>\$ 5,208,581</u>

Rent expense under the office leases related to the national and state offices totaled \$1,022,236 and \$1,037,138 for the years ended June 30, 2021 and 2020, respectively.

**Subleases:** From time to time, the Organization subleases a portion of its national office. The subleases typically have terms no longer than one year. Rental income from subleases totaled \$42,000 and \$48,900 for the years ended June 30, 2021 and 2020, respectively.

**Letter of credit:** The Organization had a letter of credit with a bank totaling \$25,746 that expired in July 2019 and was not renewed. The letter of credit was in lieu of a cash deposit for the New York office lease. When the letter of credit expired, the Organization paid a cash deposit in lieu of renewing the letter of credit.

**Employment agreement:** The Organization has an employment agreement with its President and Chief Executive Officer. Under the terms of the agreement, should the Organization terminate her employment without cause, the Organization would be obligated to pay severance.

**Note 13. Commitments and Contingencies (Continued)**

**COVID-19 Pandemic:** On January 30, 2020, the World Health Organization declared the coronavirus (COVID-19) outbreak a “Public Health Emergency of International Concern” and, on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Organization operates. It is unknown how long these conditions will last and what the complete financial affect will be to the Organization, to date, and it is reasonably possible that the Organization is vulnerable to the risk of a near-term impact.



RSM US LLP

## Independent Auditor's Report on the Supplementary Information

Members and National Governing Board  
Common Cause and Affiliate

We have audited the consolidated financial statements of Common Cause and Affiliate (the Organization) as of and for the years ended June 30, 2021 and 2020, and have issued our report thereon dated November 8, 2021, which contained an unmodified opinion on those consolidated financial statements. See page 1. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The 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, changes in net assets and cash flows of the individual entities and it 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 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 information is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

*RSM US LLP*

Washington, D.C.  
November 8, 2021

## Common Cause and Affiliate

### Consolidating Statement of Financial Position June 30, 2021

	Common Cause	Education Fund	Eliminations	Consolidated Total
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 6,113,502	\$ 12,176,282	\$ -	\$ 18,289,784
Investments	2,554,561	6,678,656	-	9,233,217
Promises to give	125,445	1,073,599	-	1,199,044
Amount due from affiliate	291,489	-	(291,489)	-
Prepaid expenses	372,778	79,750	-	452,528
Property and equipment	672,698	4,947	-	677,645
<b>Total assets</b>	<b>\$ 10,130,473</b>	<b>\$ 20,013,234</b>	<b>\$ (291,489)</b>	<b>\$ 29,852,218</b>
<b>Liabilities and Net Assets</b>				
Liabilities:				
Accounts payable and accrued expenses	\$ 336,244	\$ 1,038,144	\$ -	\$ 1,374,388
Amount due to affiliate	-	291,489	(291,489)	-
Deferred rent	1,067,453	-	-	1,067,453
Note payable	-	1,129,700	-	1,129,700
<b>Total liabilities</b>	<b>1,403,697</b>	<b>2,459,333</b>	<b>(291,489)</b>	<b>3,571,541</b>
Net assets:				
Without donor restrictions	7,638,873	7,841,501	-	15,480,374
With donor restrictions	1,087,903	9,712,400	-	10,800,303
<b>Total net assets</b>	<b>8,726,776</b>	<b>17,553,901</b>	<b>-</b>	<b>26,280,677</b>
<b>Total liabilities and net assets</b>	<b>\$ 10,130,473</b>	<b>\$ 20,013,234</b>	<b>\$ (291,489)</b>	<b>\$ 29,852,218</b>

## Common Cause and Affiliate

### Consolidating Statement of Activities Year Ended June 30, 2021

	Without Donor Restrictions			With Donor Restrictions			Consolidated Total
	Common Cause	Education Fund	Total	Common Cause	Education Fund	Total	
<b>Revenue and support:</b>							
Contributions	\$ 9,652,270	\$ 17,503,070	\$ 27,155,340	\$ 773,494	\$ 6,070,250	\$ 6,843,744	\$ 33,999,084
Bequests	2,816,623	542,820	3,359,443	-	-	-	3,359,443
Contributed services	2,897,705	-	2,897,705	-	-	-	2,897,705
Other income	43,252	68,344	111,596	-	-	-	111,596
Rental income	42,000	-	42,000	-	-	-	42,000
Net assets released from restrictions	848,659	5,705,173	6,553,832	(848,659)	(5,705,173)	(6,553,832)	-
<b>Total revenue and support</b>	<b>16,300,509</b>	<b>23,819,407</b>	<b>40,119,916</b>	<b>(75,165)</b>	<b>365,077</b>	<b>289,912</b>	<b>40,409,828</b>
<b>Expenses:</b>							
<b>Program services:</b>							
Educational activities	-	14,938,894	14,938,894	-	-	-	14,938,894
Program operations, lobbying and communications	5,670,825	-	5,670,825	-	-	-	5,670,825
Program development and management	237,573	-	237,573	-	-	-	237,573
<b>Total program services</b>	<b>5,908,398</b>	<b>14,938,894</b>	<b>20,847,292</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20,847,292</b>
<b>Supporting services:</b>							
Fund raising, including new member acquisitions	3,124,037	871,509	3,995,546	-	-	-	3,995,546
General and administration	1,876,719	1,623,140	3,499,859	-	-	-	3,499,859
<b>Total supporting services</b>	<b>5,000,756</b>	<b>2,494,649</b>	<b>7,495,405</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,495,405</b>
<b>Total expenses</b>	<b>10,909,154</b>	<b>17,433,543</b>	<b>28,342,697</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>28,342,697</b>
<b>Change in net assets from operations</b>	<b>5,391,355</b>	<b>6,385,864</b>	<b>11,777,219</b>	<b>(75,165)</b>	<b>365,077</b>	<b>289,912</b>	<b>12,067,131</b>
Net investment return	1,986	69,463	71,449	181,066	1,142,968	1,324,034	1,395,483
<b>Change in net assets</b>	<b>5,393,341</b>	<b>6,455,327</b>	<b>11,848,668</b>	<b>105,901</b>	<b>1,508,045</b>	<b>1,613,946</b>	<b>13,462,614</b>
<b>Net assets:</b>							
Beginning	2,245,532	1,386,174	3,631,706	982,002	8,204,355	9,186,357	12,818,063
Ending	\$ 7,638,873	\$ 7,841,501	\$ 15,480,374	\$ 1,087,903	\$ 9,712,400	\$ 10,800,303	\$ 26,280,677