

**Audited Consolidated Financial Statements  
with Consolidating Information**

**COMMON CAUSE & AFFILIATE**

*June 30, 2019*

<b><i>Management’s Report on Internal Control over Financial Reporting</i></b>	1
<b><i>Independent Auditor’s Integrated Audit Combined Report on Internal Control over Financial Reporting and on the Consolidated Financial Statements</i></b>	2 - 4
<b><i>Consolidated Financial Statements</i></b>	
Consolidated statements of financial position	5
Consolidated statement of activities - 2019	6
Consolidated statement of activities - 2018	7
Consolidated statements of cash flows	8
Notes to the consolidated financial statements	9 - 22
<b><i>Consolidating Information</i></b>	
Independent auditor’s report on the consolidating information	23
Consolidating statement of financial position	24
Consolidating statement of activities	25

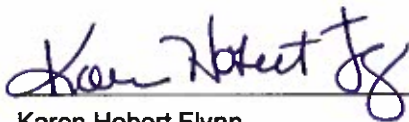
## Management's Report on Internal Control over Financial Reporting

Management of Common Cause & Affiliate (the Organization) is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed by, or under the supervision of, the Organization's principal executive officer and principal financial officer, and effected by the Organization's National Governing Board, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America.

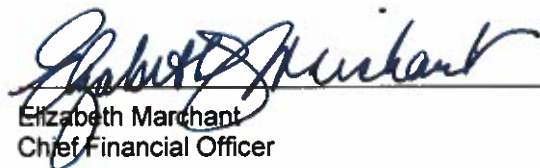
The Organization's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records, that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the Organization's assets; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures are made only in accordance with authorizations of the Organization's management and National Governing Board; and (3) provide reasonable assurance regarding the prevention, or timely detection, of unauthorized acquisition, use, or disposition of the Organization's assets that could have a material effect on the consolidated financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk either that controls may become inadequate because of changes in conditions or that compliance with the policies or procedures may deteriorate. Management has completed an assessment of the effectiveness of the Organization's internal control over financial reporting as of June 30, 2019. In making the assessment, management used the *2013 Internal Control - An Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Based upon the assessment performed, management concluded that as of June 30, 2019, the Organization's internal control over financial reporting was effective based upon the *2013 Internal Control - An Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Additionally, based upon management's assessment, the Organization determined that there were no material weaknesses in its internal control over financial reporting as of June 30, 2019. The effectiveness of the Organization's internal control over financial reporting as of June 30, 2019, has been audited by Tate & Tryon, an independent public accounting firm, as stated in their report which appears herein.



Karen Hobert Flynn  
President and Chief Executive Officer



---

Elizabeth Marchant  
Chief Financial Officer



# Independent Auditor’s Integrated Combined Report on Internal Control over Financial Reporting and on the Consolidated Financial Statements

To the Members and National Governing Board  
Common Cause & Affiliate

We have audited the accompanying consolidated financial statements of Common Cause & Affiliate (the Organization), which comprise the consolidated statement of financial position as of June 30, 2019, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements. We have also audited the Organization’s internal control over financial reporting as of June 30, 2019, based on criteria established in the 2013 *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

## Management’s Responsibility for the Consolidated Financial Statements and Internal Control over Financial Reporting

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 effective internal control over financial reporting relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. Management is also responsible for its assessment about the effectiveness of internal control over financial reporting, included in the accompanying Management’s Report on Internal Control over Financial Reporting.

## Auditor’s Responsibility

Our responsibility is to express an opinion on these consolidated financial statements and on the Organization’s internal control over financial reporting based on our integrated audit. We conducted our integrated audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the integrated audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects.

An audit of consolidated financial statements 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. An audit of consolidated financial statements 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.

2021 L STREET, NW

SUITE 400

WASHINGTON, DC

20036

TELEPHONE

202/293-2200

FACSIMILE

202/293-2208

An audit of internal control over financial reporting involves performing procedures to obtain evidence about whether a material weakness exists. The procedures selected depend on the auditor's judgment, including the assessment of the risk that a material weakness exists. An audit of internal control over financial reporting also involves obtaining an understanding of internal control over financial reporting and testing and evaluating the design and operating effectiveness of internal control over financial reporting based on the assessed risk.

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

### **Definition and Inherent Limitations of Internal Control over Financial Reporting**

The Organization's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, designed to provide reasonable assurance regarding the preparation of reliable consolidated financial statements in accordance with accounting principles generally accepted in the United States of America. The Organization's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Organization; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures of the Organization are being made only in accordance with authorizations of management and those charged with governance; and (3) provide reasonable assurance regarding prevention, or timely detection and correction, of unauthorized acquisition, use, or disposition of the Organization's assets that could have a material effect on the consolidated financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct, misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risks that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinions**

In our opinion, the 2019 consolidated financial statements referred to in the first paragraph present fairly, in all material respects, the consolidated financial position of Common Cause & Affiliate as of June 30, 2019, and the related changes in net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Also, in our opinion, Common Cause & Affiliate maintained, in all material respects, effective internal control over financial reporting as of June 30, 2019, based on criteria established in the 2013 *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

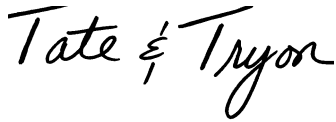
### **Report on Summarized Comparative Prior Year Information**

We have previously audited the Organization's 2018 consolidated financial statements, and our report dated October 22, 2018, expressed an unmodified opinion on those consolidated financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

To the Members and National Governing Board  
October 17, 2019  
Page 3 of 3

**Adoption of Accounting Standards Update 2016-14**

As described in Note A to the consolidated financial statements, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2016-14, *Not-for-Profit Entities* (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities* (ASU 2016-14). As required by the FASB, the Organization adopted the provisions of ASU 2016-14 during the year ended June 30, 2019. In addition to changes in terminology used to describe categories of net assets throughout the consolidated financial statements, new disclosures were added regarding liquidity and functional expense. There was no change in the Organization's previously reported change in net assets as a result of the adoption of the ASU. Our opinion is not modified with respect to this matter.



Washington, DC  
October 17, 2019

## Common Cause & Affiliate

### Consolidated Statements of Financial Position

<b>June 30,</b>	<b>2019</b>	<b>2018</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 2,594,091	\$ 2,119,470
Investments	4,401,270	2,673,786
Promises to give	3,576,274	4,474,350
Prepaid expenses	422,603	370,473
Property and equipment	1,028,076	1,214,138
<b>Total assets</b>	<b>\$ 12,022,314</b>	<b>\$ 10,852,217</b>
<b>Liabilities and net assets</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 980,212	\$ 1,269,995
Deferred rent	1,294,171	1,380,139
Total liabilities	2,274,383	2,650,134
Commitments and contingencies	-	-
Net assets		
Net assets without donor restrictions	1,628,952	1,091,589
Net assets with donor restrictions	8,118,979	7,110,494
Total net assets	9,747,931	8,202,083
<b>Total liabilities and net assets</b>	<b>\$ 12,022,314</b>	<b>\$ 10,852,217</b>

See notes to the consolidated financial statements.

## Common Cause & Affiliate

### Consolidated Statement of Activities

*Year Ended June 30, 2019*

	Net assets without donor restrictions	Net assets with donor restrictions	Total
<b>Revenue and support</b>			
Contributions	\$ 10,743,196	\$ 5,775,615	\$ 16,518,811
Contributed services	3,773,936		3,773,936
Bequests	857,710		857,710
Rental income	44,825		44,825
Other income	2,916		2,916
	15,422,583	5,775,615	21,198,198
Net assets released from restriction	4,984,985	(4,984,985)	-
Total revenue and support	20,407,568	790,630	21,198,198
<b>Expense</b>			
Program services			
Program operations, lobbying, and communications	6,889,770		6,889,770
Educational activities	6,881,817		6,881,817
Program development and management	578,469		578,469
Total program services	14,350,056	-	14,350,056
Supporting services			
Fund raising, including new member acquisitions	2,927,057		2,927,057
General and administration	2,607,068		2,607,068
Total supporting services	5,534,125	-	5,534,125
Total expense	19,884,181	-	19,884,181
Change in net assets from operations	523,387	790,630	1,314,017
Investment income	13,976	217,855	231,831
<b>Change in net assets</b>	537,363	1,008,485	1,545,848
Net assets, July 1, 2018	1,091,589	7,110,494	8,202,083
<b>Net assets, June 30, 2019</b>	\$ 1,628,952	\$ 8,118,979	\$ 9,747,931

See notes to the consolidated financial statements.



## Common Cause & Affiliate

### Consolidated Statement of Activities

*Year Ended June 30, 2018*

	Net assets without donor restrictions	Net assets with donor restrictions	Total
<b>Revenue and support</b>			
Contributions	\$ 12,141,785	\$ 4,507,221	\$ 16,649,006
Contributed services	2,506,625		2,506,625
Bequests	727,371		727,371
Rental income	60,785		60,785
Other income	94,792		94,792
	15,531,358	4,507,221	20,038,579
Net assets released from restriction	2,944,351	(2,944,351)	-
Total revenue and support	18,475,709	1,562,870	20,038,579
<b>Expense</b>			
Program services			
Program operations, lobbying, and communications	5,194,686		5,194,686
Educational activities	6,016,704		6,016,704
Program development and management	481,387		481,387
Total program services	11,692,777	-	11,692,777
Supporting services			
Fund raising, including new member acquisitions	3,244,160		3,244,160
General and administration	2,732,581		2,732,581
Total supporting services	5,976,741	-	5,976,741
Total expense	17,669,518	-	17,669,518
Change in net assets from operations	806,191	1,562,870	2,369,061
Investment income	10,887	278,517	289,404
<b>Change in net assets</b>	817,078	1,841,387	2,658,465
Net assets, July 1, 2017	274,511	5,269,107	5,543,618
<b>Net assets, June 30, 2018</b>	<b>\$ 1,091,589</b>	<b>\$ 7,110,494</b>	<b>\$ 8,202,083</b>

See notes to the consolidated financial statements.

## Common Cause & Affiliate

### Consolidated Statements of Cash Flows

<i>Year Ended June 30,</i>	<b>2019</b>	<b>2018</b>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 1,545,848	\$ 2,658,465
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net gain on investments	(133,920)	(230,895)
Bad debt expense	16,401	4,300
Depreciation and amortization	216,217	237,002
Loss on disposal of property and equipment	1,841	30,773
Changes in assets and liabilities:		
Promises to give	881,675	(2,046,635)
Prepaid expenses	(52,130)	91,926
Accounts payable and accrued expenses	(289,783)	114,027
Deferred rent	(85,968)	(68,300)
Total adjustments	554,333	(1,867,802)
Net cash provided by operating activities	2,100,181	790,663
<b>Cash flows from investing activities</b>		
Proceeds from sales and maturities of investments	148,526	152,182
Purchases and donations of investments	(1,742,090)	(408,277)
Purchases of property and equipment	(31,996)	(202,734)
Net cash used in investing activities	(1,625,560)	(458,829)
<b>Cash flows from financing activities</b>		
Payments on line of credit	-	(50,000)
Net cash used in financing activities	-	(50,000)
<b>Net increase in cash and cash equivalents</b>	<b>474,621</b>	<b>281,834</b>
Cash and cash equivalents, beginning of year	2,119,470	1,837,636
<b>Cash and cash equivalents, end of year</b>	<b>\$ 2,594,091</b>	<b>\$ 2,119,470</b>
<b>Schedule of Noncash Investing Activities</b>		
Securities donated during the year	\$ 31,017	\$ 43,597

See notes to the consolidated financial statements.

## Notes to the Consolidated Financial Statements

---

### A. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization: Common Cause was formed in 1968 as a nonprofit under the laws of the District of Columbia. Common Cause is a nonpartisan citizens' lobby that works to improve the way federal and state governments operate. Common Cause is supported by dues and small contributions from nearly 92,000 members nationwide. A National Governing Board sets issue priorities and policy for Common Cause.

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

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

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

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

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 consolidated 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 consolidated financial statement purposes, the Organization considers demand deposits and money market funds not included in the investment portfolio to be cash and cash equivalents.

Contributions: Bequests, grants, and funds received from members are accounted for as contributions. Contributions are recognized as support when received or unconditionally promised, such as pledges and grants receivable. Contributions are classified as support with or without donor restrictions depending upon the existence and/or nature of donor restrictions. Support that is restricted by the donor is reported as an increase in net assets with donor restrictions. Within net assets with donor restrictions, amounts are reclassified to net assets without donor restrictions when restrictions are satisfied or expire (that is, when a purpose restriction is accomplished or a stipulated time restriction ends). Support with donor restrictions that expires in the same period is classified as net assets without donor restrictions.

## Notes to the Consolidated Financial Statements

---

### A. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Program services: Program services descriptions are as follows:

*Program operations, lobbying, and communications* include the activities 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 distribute press releases, editorial memoranda, and public-service radio and television spots 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.

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

Supporting services: Supporting services descriptions are as follows:

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

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

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

New accounting standard: The Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities* (ASU 2016-14). The Organization adopted the provisions of ASU 2016-14 during the year ended June 30, 2019. In addition to changes in terminology used to describe categories of net assets throughout the consolidated financial statements, new disclosures were added regarding liquidity and functional expense. There was no change in the Organization's previously reported consolidated change in net assets as a result of the adoption of ASU 2016-14.

Subsequent events: Subsequent events have been evaluated through October 17, 2019, which is the date the consolidated financial statements were available to be issued.

### B. CONCENTRATIONS

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

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.

Notes to the Consolidated Financial Statements

**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 Organization’s assessment of the assumptions that market participants would use in pricing the asset or liability including assumptions about risk, such as bid/ask spreads and liquidity discounts.

Investments recorded at fair value include mutual funds, U.S. Government obligations, and common stocks, which were valued using Level 1 inputs based on quoted prices for identical assets in active markets. Management believes the estimated fair values of investments to be a reasonable approximation of their exit price.

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

Investments consisted of the following at June 30,:

	2019	2018
Investments, at fair value		
Mutual funds - equities	\$ 2,687,482	\$ 2,228,479
U.S. Government obligations	353,762	-
Common stocks	285,600	299,629
	<u>3,326,844</u>	<u>2,528,108</u>
Investments, at cost		
Certificates of deposit	777,761	25,453
Money market funds	296,665	120,225
	<u>1,074,426</u>	<u>145,678</u>
	<u><b>\$ 4,401,270</b></u>	<u><b>\$ 2,673,786</b></u>

## Common Cause & Affiliate

### Notes to the Consolidated Financial Statements

#### C. INVESTMENTS - CONTINUED

Investments have been segregated into the following accounts at June 30,:

	2019	2018
MGGE (see Note H)	\$ 2,687,577	\$ 2,228,490
Fidelity Reserve	1,259,117	-
Rankin Trust for Colorado Office	375,940	367,173
Donated stock held at year end	53,183	52,670
New York office lease - letter of credit	25,453	25,453
	<u>\$ 4,401,270</u>	<u>\$ 2,673,786</u>

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

	2019	2018
Net gain on investments	\$ 133,920	\$ 230,895
Interest and dividends	104,568	63,777
Investment fees	(6,657)	(5,268)
	<u>\$ 231,831</u>	<u>\$ 289,404</u>

#### D. PROMISES TO GIVE

Unconditional: Promises to give include multi-year unconditional promises to give from donors. Promises to give that are expected to be collected within one year are recorded at net realizable value. Promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows in accordance with U.S. GAAP. However, management determined that the discount on multi-year promises to give was not significant.

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 \$16,401 and \$4,300 for the years ended June 30, 2019 and 2018, respectively.

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

	2019	2018
Receivable in less than one year	\$ 3,381,274	\$ 4,201,850
Receivable in one to five years	195,000	272,500
	<u>\$ 3,576,274</u>	<u>\$ 4,474,350</u>

Notes to the Consolidated Financial Statements

D. PROMISES TO GIVE - CONTINUED

*Conditional:* The Organization has received conditional promises to give from donors. Under the terms of the gift agreements, the Organization is eligible to receive contributions from the donors of approximately \$500,000 when other contributions are raised by the Organization. Due to the conditional nature of these gifts, the Organization does not record promises to give for the conditional gifts. In relation to the conditional promises to give, the Organization has received a cumulative total of \$250,000 through June 30, 2019.

E. LIQUIDITY

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 the years ended June 30, 2019 and 2018.

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

	2019	2018
Cash and cash equivalents	\$ 2,594,091	\$ 2,119,470
Investments	4,401,270	2,673,786
Promises to give	<u>3,576,274</u>	<u>4,474,350</u>
Subtotal financial assets	10,571,635	9,267,606
Amounts not available for general expenditures:		
Promises to give receivable in one to five years	(195,000)	(272,500)
Board designated funds	<u>(2,018,238)</u>	<u>(1,524,679)</u>
	<u>\$ 8,358,397</u>	<u>\$ 7,470,427</u>



## Common Cause & Affiliate

### Notes to the Consolidated Financial Statements

#### F. 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.

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

	2019	2018
Computer equipment and software	\$ 282,265	\$ 256,708
Furniture and other equipment	216,154	212,946
Leasehold improvements	<u>1,179,613</u>	<u>1,179,613</u>
	1,678,032	1,649,267
Less accumulated depreciation and amortization	<u>(649,956)</u>	<u>(435,129)</u>
	<u>\$ 1,028,076</u>	<u>\$ 1,214,138</u>

#### G. NET ASSETS 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.

Undesignated: Undesignated net assets would be used for the general operations of the Organization. However, the Organization currently has a deficit in undesignated net assets.

Designated: Board designated net assets include the following funds:

*Reserve Fund:* The National Governing Board passed a resolution to establish the Reserve Fund to seize opportunities and prepare for emergencies. In particular, 50% of all bequests received are allocated to the Reserve Fund. The allocation totaled \$1,926,788 and \$1,398,154 at June 30, 2019 and 2018, respectively. The Organization's goal is to achieve a reserve balance approximately three months of operating expense. The cash balance of the Reserve Fund totaled \$559,769 and \$1,132,498 at June 30, 2019 and 2018, respectively.

*Bob Edgar Legacy Funds:* The National Governing Board passed a resolution to establish the Bob Edgar Legacy Funds which include the Opportunity Fund and the Endowment Fund. The Opportunity Fund is for contributions without donor restrictions. The Board's intent was that the Bob Edgar Legacy - Endowment Fund would be a donor-restricted endowment fund, the earnings from which would be used to support general operations. However, the Organization has not received any donor-restricted contributions in relation to the Endowment Fund. Furthermore, at its June 2019 meeting, the Board approved a resolution to transfer the balance of the board-designated Bob Edgar Legacy Fund to the Reserve Fund.

Notes to the Consolidated Financial Statements

**G. NET ASSETS WITHOUT DONOR RESTRICTIONS – CONTINUED**

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

	2019	2018
Undesignated		
CCAUSE	\$ 313,628	\$ 233,482
Education Fund	<u>(702,914)</u>	<u>(666,572)</u>
	(389,286)	(433,090)
Board designated		
Reserve Fund	2,018,238	1,398,154
Bob Edgar Legacy - Opportunity Fund	<u>-</u>	<u>126,525</u>
	<u>2,018,238</u>	<u>1,524,679</u>
	<b><u>\$ 1,628,952</u></b>	<b><u>\$ 1,091,589</u></b>

**H. ENDOWMENT FUNDS**

The Organization’s endowment funds may, from time to time, include both board-designated and donor-restricted funds. Furthermore, 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. MGGE has been included in the government accountability category of net assets with donor restrictions described in Note I.

*Interpretation of Relevant Law*

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

*Return Objectives and Risk Parameters*

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

*Strategies Employed for Achieving Objectives*

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

*Spending Policy and How Investment Objectives Relate to Spending Policy*

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

## Common Cause & Affiliate

### Notes to the Consolidated Financial Statements

#### H. ENDOWMENT FUNDS - CONTINUED

##### *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 generally accepted accounting principles, deficiencies of this nature are reported in net assets with donor restrictions and typically result from unfavorable market fluctuations or continued appropriation when deemed prudent by the National Governing Board. The Organization had no donor-restricted funds with deficiencies at June 30, 2019 and 2018.

Changes in endowment funds consisted of the following as of and for the year ended June 30, 2019:

<b>2019</b>	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions, Time or Purpose</b>	<b>With Donor Restrictions, Held in Perpetuity</b>	<b>Total</b>
Endowment fund, July 1, 2018	\$ -	\$ 2,195,315	\$ -	\$ 2,195,315
Contributions		250,000		250,000
Investment return				
Net gain on investments		121,719		121,719
Interest and dividends		87,469		87,469
Investment fees		(100)		(100)
	-	209,088	-	209,088
Appropriations		(223,974)		(223,974)
Endowment fund, June 30, 2019	<b>\$ -</b>	<b>\$ 2,430,429</b>	<b>\$ -</b>	<b>\$ 2,430,429</b>

## Common Cause & Affiliate

### Notes to the Consolidated Financial Statements

#### H. ENDOWMENT FUNDS - CONTINUED

Changes in endowment funds consisted of the following as of and for the year ended June 30, 2018:

<b>2018</b>	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions, Time or Purpose</b>	<b>With Donor Restrictions, Held in Perpetuity</b>	<b>Total</b>
Endowment fund, July 1, 2017	\$ 21,057	\$ 1,927,612	\$ -	\$ 1,948,669
Contributions		200,000		200,000
Investment return				
Net gain on investments	788	204,205		204,993
Interest and dividends	846	43,290		44,136
Investment fees	(170)	(49)		(219)
	1,464	247,446	-	248,910
Appropriations	(22,521)	(179,743)		(202,264)
Endowment fund, June 30, 2018	<b>\$ -</b>	<b>\$ 2,195,315</b>	<b>\$ -</b>	<b>\$ 2,195,315</b>

#### I. NET ASSETS WITH DONOR RESTRICTIONS

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

Net assets with donor restrictions and related activities consisted of the following as of and for the year ended June 30, 2019:

<b>2019</b>	<b>Beginning</b>	<b>Transfers</b>	<b>Additions</b>	<b>Releases</b>	<b>Ending</b>
Government accountability	\$ 2,195,315	\$ -	\$ 459,188	\$ (224,074)	\$ 2,430,429
Election reform and protection	1,817,964	(62,620)	2,694,449	(2,049,871)	2,399,922
State office operations	1,452,698		1,156,598	(750,452)	1,858,844
General support	920,324		618,500	(1,076,954)	461,870
Money in politics	637,672	62,620	594,735	(717,475)	577,552
Media and democracy	86,521		470,000	(166,159)	390,362
	<b>\$ 7,110,494</b>	<b>\$ -</b>	<b>\$ 5,993,470</b>	<b>\$ (4,984,985)</b>	<b>\$ 8,118,979</b>

Notes to the Consolidated Financial Statements

**I. NET ASSETS WITH DONOR RESTRICTIONS - CONTINUED**

Net assets with donor restrictions and related activities consisted of the following as of and for the year ended June 30, 2018:

<b>2018</b>	<b>Beginning</b>	<b>Transfers</b>	<b>Additions</b>	<b>Releases</b>	<b>Ending</b>
Government accountability	\$ 1,927,612	\$ -	\$ 447,495	\$ (179,792)	\$ 2,195,315
Election reform and protection	376,499	(105,500)	1,972,000	(425,035)	1,817,964
State office operations	567,658	1,487,149	331,022	(933,131)	1,452,698
General support	1,454,146	(1,088,015)	1,060,221	(506,028)	920,324
Money in politics	510,355	(16,544)	875,000	(731,139)	637,672
Media and democracy	432,837	(277,090)	100,000	(169,226)	86,521
	<b>\$ 5,269,107</b>	<b>\$ -</b>	<b>\$ 4,785,738</b>	<b>\$ (2,944,351)</b>	<b>\$ 7,110,494</b>

**J. CONTRIBUTED SERVICES**

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

Related to its program services activities, the Organization received donated legal services totaling \$3,773,936 and \$2,506,625 during the years ended June 30, 2019 and 2018, 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.

**K. 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 \$251,746 and \$233,807 for the years ended June 30, 2019 and 2018, respectively.

# Common Cause & Affiliate

## Notes to the Consolidated Financial Statements

### L. FUNCTIONAL EXPENSE

The costs of providing the various program and supporting activities of the Organization have been summarized on a functional basis in the accompanying 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.

Functional expense consisted of the following for the years ended June 30,:

	Program Services			Supporting Services		Total
	Program Operations, Lobbying, and Communications	Educational Activities	Program Development and Management	Fundraising, including new member acquisitions	General and administrative	
<b>2019</b>						
Salaries and benefits	\$ 1,672,782	\$ 4,613,227	\$ 354,608	\$ 837,134	\$ 842,608	\$ 8,320,359
Donated services	3,773,936					3,773,936
Consultants/professional fees	931,714	957,317	5,494	62,860	169,306	2,126,691
Direct marketing/advertising	83,558	176,972		1,760,214	13,991	2,034,735
Occupancy	114,361	304,473	10,379	1,394	698,665	1,129,272
Travel, conferences, meetings	67,229	558,472	202,111	23,517	122,272	973,601
Information technology	168,238	59,706	556	137,812	507,971	874,283
Other expense	77,952	211,650	5,321	104,126	252,255	651,304
	<b>\$ 6,889,770</b>	<b>\$ 6,881,817</b>	<b>\$ 578,469</b>	<b>\$ 2,927,057</b>	<b>\$ 2,607,068</b>	<b>\$ 19,884,181</b>

	Program Services			Supporting Services		Total
	Program Operations, Lobbying, and Communications	Educational Activities	Program Development and Management	Fundraising, Including New Member Acquisitions	General and Administrative	
<b>2018</b>						
Salaries and benefits	\$ 1,699,040	\$ 4,071,456	\$ 326,870	\$ 888,964	\$ 731,839	\$ 7,718,169
Donated services	2,506,625					2,506,625
Consultants/professional fees	466,990	695,640	27,286	263,647	63,302	1,516,865
Direct marketing/advertising	32,918	54,966		1,931,737	13,322	2,032,943
Occupancy	147,017	234,535	9,760	4,300	697,344	1,092,956
Travel, conferences, meetings	78,241	509,270	109,546	50,485	32,819	780,361
Information technology	187,028	207,895	91	97,668	645,933	1,138,615
Other expense	76,827	242,942	7,834	7,359	548,022	882,984
	<b>\$ 5,194,686</b>	<b>\$ 6,016,704</b>	<b>\$ 481,387</b>	<b>\$ 3,244,160</b>	<b>\$ 2,732,581</b>	<b>\$ 17,669,518</b>

## Common Cause & Affiliate

### Notes to the Consolidated Financial Statements

#### M. COMMITMENTS AND CONTINGENCIES

Office lease: Common Cause has an operating lease for the National office at 805 15<sup>th</sup> 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 consolidated statements of financial position. 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.

Generally accepted accounting principles (GAAP) require that the cost of the tenant improvements be capitalized and depreciated or amortized as property and equipment. 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 \$1,294,171 and \$1,380,139 at June 30, 2019 and 2018, 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 national and state office lease payments are as follows:

Year Ending June 30,	National	States	Total
2020	\$ 742,500	\$ 251,200	\$ 993,700
2021	761,000	212,400	973,400
2022	780,100	191,600	971,700
2023	799,600	182,500	982,100
2024	819,600	132,100	951,700
Thereafter	2,285,900	25,000	2,310,900
	<b>\$ 6,188,700</b>	<b>\$ 994,800</b>	<b>\$ 7,183,500</b>

Rent expense for the national and state office leases totaled \$982,569 and \$947,076 for the years ended June 30, 2019 and 2018, 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 \$44,825 and \$60,785 for the years ended June 30, 2019 and 2018, respectively.

Notes to the Consolidated Financial Statements

M. COMMITMENTS AND CONTINGENCIES - CONTINUED

Equipment operating lease: The Organization leases copier equipment with a lease term through 2023. Future minimum cash basis equipment lease payments are as follows:

Year Ending June 30,	Amount
2020	\$ 38,117
2021	38,117
2022	38,117
2023	25,411
	<u>\$ 139,762</u>

Letter of credit: The Organization has a letter of credit with a bank totaling \$25,746 that must be maintained in accordance with the terms of the New York office lease agreement and expired July 2019. The Organization is in the process of renewing the letter of credit. The letter of credit is collateralized by a certificate of deposit with the same bank, which is included in investments in the accompanying consolidated statements of financial position.

Line of credit: Common Cause has a \$1,00,000, revolving line of credit with a bank that is secured by cash and any investments held by the same bank plus all other assets. The balance due on the line of credit is payable on demand and, therefore, has no expiration date. Interest is calculated using the one-month LIBOR rate plus 2.5% per annum. Interest is calculated monthly on the outstanding balance which totaled \$0 at June 30, 2019 and 2018.

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.



T A T E



TRYON

A Professional Corporation

Certified Public

Accountants

and Consultants

## Independent Auditor’s Report on the Consolidating Information

To the Members and National Governing Board  
Common Cause & Affiliate

We have audited the consolidated financial statements of Common Cause & Affiliate (the Organization) as of and for the year ended June 30, 2019, and our report thereon dated October 17, 2019, which expressed an unmodified opinion on the consolidated financial statements, appears on page one. 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, 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  
October 17, 2019

2021 L STREET, NW

SUITE 400

WASHINGTON, DC

20036

TELEPHONE

202/293-2200

FACSIMILE

202/293-2208

# Common Cause & Affiliate

## Consolidating Statement of Financial Position

*June 30, 2019*

	Common Cause	Education Fund	Elimination	Consolidated Total
<b>Assets</b>				
Cash and cash equivalents	\$ 735,973	\$ 1,858,118	\$ -	\$ 2,594,091
Investments	1,159,649	3,241,621		4,401,270
Promises to give	782,668	2,793,606		3,576,274
Amount due from affiliate	326,491		(326,491)	-
Prepaid expenses	310,283	112,320		422,603
Property and equipment	1,028,076			1,028,076
<b>Total assets</b>	<b>\$ 4,343,140</b>	<b>\$ 8,005,665</b>	<b>\$ (326,491)</b>	<b>\$ 12,022,314</b>
<b>Liabilities and net assets</b>				
Liabilities				
Accounts payable and accrued expenses	\$ 369,020	\$ 611,192	\$ -	\$ 980,212
Amount due to affiliate		326,491	(326,491)	-
Deferred rent	1,294,171			1,294,171
Total liabilities	1,663,191	937,683	(326,491)	2,274,383
Net assets				
Net assets without donor restrictions	1,440,543	188,409		1,628,952
Net assets with donor restrictions	1,239,406	6,879,573		8,118,979
Total net assets	2,679,949	7,067,982	-	9,747,931
<b>Total liabilities and net assets</b>	<b>\$ 4,343,140</b>	<b>\$ 8,005,665</b>	<b>\$ (326,491)</b>	<b>\$ 12,022,314</b>

# Common Cause & Affiliate

## Consolidating Statement of Activities

Year Ended June 30, 2019

	Activities Without Donor Restrictions			Activities With Donor Restrictions			Consolidated Total
	Common Cause	Education Fund	Total	Common Cause	Education Fund	Total	
<b>Revenue and support</b>							
Contributions	\$ 7,114,225	\$ 3,628,971	\$ 10,743,196	\$ 895,015	\$ 4,880,600	\$ 5,775,615	\$ 16,518,811
Contributed services	3,773,936		3,773,936			-	3,773,936
Bequests	620,794	236,916	857,710			-	857,710
Other income	123	2,793	2,916			-	2,916
Rental income	44,825		44,825			-	44,825
	11,553,903	3,868,680	15,422,583	895,015	4,880,600	5,775,615	21,198,198
Net assets released from restriction	327,267	4,657,718	4,984,985	(327,267)	(4,657,718)	(4,984,985)	-
Total revenue and support	11,881,170	8,526,398	20,407,568	567,748	222,882	790,630	21,198,198
<b>Expense</b>							
Program services							
Program operations, lobbying, and communications	6,889,770		6,889,770			-	6,889,770
Educational activities		6,881,817	6,881,817			-	6,881,817
Program development and management	266,528	311,941	578,469			-	578,469
Total program services	7,156,298	7,193,758	14,350,056	-	-	-	14,350,056
Supporting services							
Fund raising, including new member acquisitions	2,474,177	452,880	2,927,057			-	2,927,057
General and administration	1,834,635	772,433	2,607,068			-	2,607,068
Total supporting services	4,308,812	1,225,313	5,534,125	-	-	-	5,534,125
Total expense	11,465,110	8,419,071	19,884,181	-	-	-	19,884,181
Change in net assets from operations	416,060	107,327	523,387	567,748	222,882	790,630	1,314,017
Investment income	7,589	6,387	13,976	8,767	209,088	217,855	231,831
Change in net assets	423,649	113,714	537,363	576,515	431,970	1,008,485	1,545,848
Net assets, July 1, 2018	1,016,894	74,695	1,091,589	662,891	6,447,603	7,110,494	8,202,083
<b>Net assets, June 30, 2019</b>	<b>\$ 1,440,543</b>	<b>\$ 188,409</b>	<b>\$ 1,628,952</b>	<b>\$ 1,239,406</b>	<b>\$ 6,879,573</b>	<b>\$ 8,118,979</b>	<b>\$ 9,747,931</b>