

**CENTER FOR RESPONSIVE POLITICS**  
**FINANCIAL STATEMENTS**  
**AND**  
**INDEPENDENT AUDITORS' REPORT**  
**DECEMBER 31, 2013**

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# Chaconas & Wilson, P.C.

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Center for Responsive Politics  
Washington DC

We have audited the accompanying financial statements of the Center for Responsive Politics (a nonprofit organization), which comprise the statement of financial position as of December 31, 2013 and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to 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 audit. We conducted our audit 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 of 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 entity'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 entity'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 have 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 financial position of the Center for Responsive Politics as of December 31, 2013 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Chaconas & Wilson, P.C.*

Washington, DC  
October 16, 2014

CENTER FOR RESPONSIVE POLITICS

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2013

ASSETS

**CURRENT ASSETS:**

Cash and cash equivalents (Note 2)	\$ 2,048,334
Unconditional promises to give (Notes 2 and 4)	650,000
Prepaid expenses	23,690
Total Current Assets	<u>\$ 2,722,024</u>

**PROPERTY AND EQUIPMENT, at cost** (Note 2)

Furniture and equipment	\$ 90,860
Leasehold improvement	22,171
Total Property and Equipment	\$ 113,031
Less: accumulated depreciation	(83,649)
Property and Equipment, net	<u>\$ 29,382</u>

**OTHER ASSETS:**

Security deposit	<u>\$ 28,885</u>
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**TOTAL ASSETS**

\$ 2,780,291

LIABILITIES AND NET ASSETS

**CURRENT LIABILITIES:**

Accounts payable	\$ 17,720
Accrued payroll	58,170
Total Current Liabilities	<u>\$ 75,890</u>

**NET ASSETS:**

Unrestricted (Note 2)	\$ 2,054,401
Temporarily restricted (Notes 2 and 7)	650,000
Total Net Assets	<u>\$ 2,704,401</u>

**TOTAL LIABILITIES AND NET ASSETS**

\$ 2,780,291

The accompanying notes are an integral part of this statement.



**CENTER FOR RESPONSIVE POLITICS**

**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED DECEMBER 31, 2013**

	Unrestricted	Temporarily Restricted	Total
<b>REVENUES:</b>			
Contributions (Note 2)	\$ 914,901	\$ 650,000	\$ 1,564,901
Contract fees	128,320	-	128,320
Library services	11,384	-	11,384
Interest Income	14,872	-	14,872
Other Income	6,635	-	6,635
Net assets released from restriction:			
Satisfaction of time restriction	645,834	(645,834)	-
Total Revenues	\$ 1,721,946	\$ 4,166	\$ 1,726,112
<b>PROGRAM AND SUPPORT SERVICES EXPENSES:</b>			
Program services:			
Research and analysis	\$ 534,700	\$ -	\$ 534,700
Library services	48,049	-	48,049
Education and outreach	630,805	-	630,805
Total Program Expenses	\$ 1,213,554	\$ -	\$ 1,213,554
Supporting services:			
Management and general	\$ 112,627	\$ -	\$ 112,627
Grant development	88,195	-	88,195
Total Supporting Expenses	\$ 200,822	\$ -	\$ 200,822
Total Expenses	\$ 1,414,376	\$ -	\$ 1,414,376
<b>CHANGE IN NET ASSETS</b>	\$ 307,570	\$ 4,166	\$ 311,736
<b>NET ASSETS, BEGINNING OF YEAR</b>	1,746,831	645,834	2,392,665
<b>NET ASSETS, END OF YEAR</b>	\$ 2,054,401	\$ 650,000	\$ 2,704,401

The accompanying notes are an integral part of this statement.

CENTER FOR RESPONSIVE POLITICS

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2013

	Program Services			Supporting Services			Total Expenses	
	Research and Analysis	Library Services	Education and Outreach	Total Program Services	Management and General	Grant Development		Total Supporting Services
Accounting services	\$ 8,830	\$ 803	\$ 10,435	\$ 20,068	\$ 1,793	\$ 657	\$ 2,450	
Computer expense	473	43	559	1,075	96	36	1,327	
Consulting fees	19,277	1,753	22,782	43,812	4,400	50,586	98,798	
Contracts with service bureau	2,343	213	2,769	5,325	476	174	650	
Depreciation	3,871	352	4,575	8,798	786	288	1,074	
Insurance	4,333	394	5,120	9,847	879	323	1,202	
Meetings and conferences	6,683	-	6,683	13,366	703	-	703	
Occupancy, parking, utilities	66,208	6,019	78,246	150,473	13,444	4,929	18,373	
Office	-	-	-	-	2,750	-	2,750	
Online service	4,776	434	5,644	10,854	970	356	1,326	
Postage and delivery	716	65	847	1,628	145	54	199	
Printing and production	1,029	94	1,216	2,339	207	77	284	
Repairs and maintenance	1,012	92	1,196	2,300	205	75	280	
Salaries, payroll taxes	403,167	36,652	476,470	916,289	81,603	30,014	1,027,906	
employee benefits	3,582	371	4,336	8,289	-	-	8,289	
Subscriptions	1,943	177	2,296	4,416	394	145	539	
Supplies	4,821	438	5,698	10,957	979	359	1,338	
Telephone	1,636	149	1,933	3,718	2,797	122	2,919	
Travel								
<b>Total Expenses</b>	<b>\$ 534,700</b>	<b>\$ 48,049</b>	<b>\$ 630,805</b>	<b>\$ 1,213,554</b>	<b>\$ 112,627</b>	<b>\$ 88,195</b>	<b>\$ 200,822</b>	
							<b>\$ 1,414,376</b>	

The accompanying notes are an integral part of this statement.

**CENTER FOR RESPONSIVE POLITICS**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Change in net assets	\$ 311,736
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	9,872
Change in assets and liabilities:	
Increase in unconditional promises to give	(225,000)
Decrease in prepaid expense	901
Decrease in accounts payable	(13,199)
Increase in accrued payroll	12,904
	97,214
Net Cash Provided By Operating Activities	\$ 97,214

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Purchase of property and equipment	(20,229)
	(20,229)

**NET INCREASE IN CASH AND CASH EQUIVALENTS**

\$ 76,985

**CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR**

1,971,349

**CASH AND CASH EQUIVALENTS, END OF YEAR**

\$ 2,048,334

The accompanying notes are an integral part this statement.



CENTER FOR RESPONSIVE POLITICS

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

Note 1. **Organization:**

The Center for Responsive Politics (the Center) is a nonprofit corporation that educates the American public on the role that money plays in its elections and actions. The Center conducts and distributes the results of nonpartisan research on campaign finance and other money-in-politics issues. The Center's program areas are:

Research and Analysis – The on-line newsletter ([www.capitaleye.org](http://www.capitaleye.org)) puts the Center's data in context, pointing out trends and adding a money-in-politics angle to ongoing news stories and policy debates.

Library Services – The Center's staff provide custom research to academics, activists, journalists and public interest groups.

Education and Outreach – The Center's website ([www.opensecrets.org](http://www.opensecrets.org)) allows users to explore connections between money and politics. Freely available, easy-to-use databases track federal campaign contributions and lobbying in a variety of illuminating ways, such as by industry and interest group.

Note 2. **Summary of Significant Accounting Policies:**

**Method of Accounting**

The financial statements have been prepared on the accrual basis of accounting.

**Contributions**

The Center recognizes contribution revenue when an unconditional pledge is made or when cash is received if a pledge was not made. Contributions received are reported as unrestricted, temporarily restricted, or permanently restricted, based on donor intent.

**Cash Equivalents**

The Center considers all short term investments with original maturities of three months or less to be cash equivalents included in cash.

The Center's demand deposits with financial institutions at times exceeded federally insured limits. The Center has not experienced any losses in such accounts and management believes the Center is not exposed to any significant credit risks.

**Accounts Receivable and Unconditional Promises to Give**

Accounts receivable and promises to give are recorded at the amount the Center expects to collect on balances outstanding at the end of the fiscal year. Management closely monitors amounts receivable and charges off any balances that are determined to be uncollectible. At December 31, 2013, the Center's allowance for doubtful accounts was \$0. The Center had no bad debt expense for the year ended December 31, 2013.



**CENTER FOR RESPONSIVE POLITICS**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2013**

Note 2. **Summary of Significant Accounting Policies:** (Continued)

**Furniture and Equipment**

Furniture and equipment are stated at cost. Depreciation is calculated on a straight line basis over a three year or five year estimated useful life. Leasehold improvements are depreciated over the life of the lease. The Center capitalizes property and equipment purchases of \$500 or more.

**Accounting for Uncertainty in Income Taxes**

The Center has adopted Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 740-10, *Income Taxes*, which prescribes measurement and disclosure requirements for current and deferred income tax provisions. The interpretation provides for a consistent approach in identifying and reporting uncertain tax positions. It is management's belief that the Center does not hold any uncertain tax positions.

The Center's Form 990, *Return of Exemption from Income Tax*, for the years ended 2010, 2011 and 2012 are subject to examination by the IRS, generally for three years after they were filed.

**Classes of Net Assets**

The Center is required to report its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Unrestricted net assets are contributions without a donor imposed time and/or program restriction. The funds are available for general operating purposes.

Temporarily restricted net assets are contributions with donor-imposed time and/or program restrictions. These temporary restrictions require that resources be used for specific purposes and/or in a later period or after a specified date. Temporarily restricted net assets become unrestricted when the time restrictions expire or the funds are used for their restricted purposes and are reported in the accompanying statement of activities as net assets released from restrictions. This method of accounting is also followed when the restrictions on contributions are met in the same period that the contributions are received.

Permanently restricted net assets must be maintained by the Center in perpetuity. There were no permanently restricted net assets as of December 31, 2013.

**CENTER FOR RESPONSIVE POLITICS**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2013**

**Note 2. Summary of Significant Accounting Policies: (Concluded)**

**Functional Allocation of Expenses**

The allocation of the costs of providing various programs has been summarized on a functional basis in the accompanying statement of functional expenses. Accordingly, certain indirect costs have been allocated to program and supporting activities based on management's estimate of effort devoted to these activities.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Note 3. Tax Status:**

The Center has been recognized as exempt from federal income tax by the Internal Revenue Service under the provisions of Section 501(c)(3) of the Internal Revenue Code, and is classified as an organization that is not a private foundation.

**Note 4. Unconditional Promises to Give:**

Unconditional promises to give are due in one year or less. The balance of unconditional promises to give at December 31, 2013 was \$650,000.

**Note 5. Retirement Plan:**

The Center maintains a qualified defined contribution retirement plan for its employees. All employees of the Center are eligible to participate in elective deferrals up to the maximum allowed by law. Employees completing six months of service qualify for employer contributions up to 2% of employee's salary. The employer contributions are discretionary. The retirement expense for the year ended December 31, 2013 was \$13,252 and is included in "salaries, payroll taxes and employee benefits" in the accompanying statement of functional expenses.



**CENTER FOR RESPONSIVE POLITICS**  
**NOTES TO FINANCIAL STATEMENTS (CONCLUDED)**  
**DECEMBER 31, 2013**

**Note 6. Operating Lease:**

The Center has an operating lease for office space that expires on September 30, 2017. Future minimum rental payments under the lease are as follows for the years ending December 31:

2014	\$ 181,876
2015	186,416
2016	191,078
2017	<u>146,494</u>
Total	<u>\$ 705,864</u>

Rent expense for the year ended December 31, 2013 was \$168,846.

**Note 7. Temporarily Restricted Net Assets:**

At December 31, 2013 temporarily restricted net assets consisted of the following:

Time Restricted - General Support	<u>\$ 650,000</u>
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**Note 8. Subsequent Events:**

The Center has evaluated all subsequent events through October 16, 2014 which is the date the financial statements were available to be issued. No subsequent events requiring disclosure were identified based on this evaluation.



