

FINANCIAL STATEMENTS



**FOR THE YEAR ENDED DECEMBER 31, 2016
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2015**

EVERY VOICE CENTER

CONTENTS

| | PAGE NO. |
|--|-----------------|
| INDEPENDENT AUDITOR'S REPORT | 2 - 3 |
| EXHIBIT A - Statement of Financial Position, as of December 31, 2016, with Summarized Financial Information for 2015 | 4 |
| EXHIBIT B - Statement of Activities and Change in Net Assets, for the Year Ended December 31, 2016, with Summarized Financial Information for 2015 | 5 |
| EXHIBIT C - Statement of Functional Expenses, for the Year Ended December 31, 2016, with Summarized Financial Information for 2015 | 6 |
| EXHIBIT D - Statement of Cash Flows, for the Year Ended December 31, 2016, with Summarized Financial Information for 2015 | 7 |
| NOTES TO FINANCIAL STATEMENTS | 8 - 12 |

GELMAN, ROSENBERG

& FREEDMAN

CERTIFIED PUBLIC ACCOUNTANTS



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Every Voice Center
Washington, D.C.

We have audited the accompanying financial statements of Every Voice Center, which comprise the statement of financial position as of December 31, 2016, and the related statements of activities and change in net assets, 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 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 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 Every Voice Center as of December 31, 2016, and the change 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.

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MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS' PRIVATE COMPANIES PRACTICE SECTION

Report on Summarized Comparative Information

We have previously audited Every Voice Center's 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 13, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in cursive script that reads "Gelman Rosenberg & Friedman".

August 24, 2017

EVERY VOICE CENTER
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2016
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2015

ASSETS

| | <u>2016</u> | <u>2015</u> |
|---|----------------------------|--------------------------|
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 434,973 | \$ 584,774 |
| Contributions receivable | - | 50,000 |
| Due from Every Voice | 103,894 | 68,502 |
| Grants receivable | 510,114 | 125,000 |
| Prepaid expenses | 50,203 | 14,176 |
| Security deposit | <u>2,610</u> | <u>-</u> |
| Total current assets | <u>1,101,794</u> | <u>842,452</u> |
| OTHER ASSETS | | |
| Restricted certificate of deposit | 48,243 | 48,243 |
| Grants receivable, net of current portion | <u>-</u> | <u>75,000</u> |
| Total other assets | <u>48,243</u> | <u>123,243</u> |
| TOTAL ASSETS | <u>\$ 1,150,037</u> | <u>\$ 965,695</u> |

LIABILITIES AND NET ASSETS

| | | |
|---|----------------------------|--------------------------|
| CURRENT LIABILITIES | | |
| Accounts payable and accrued expenses | \$ 73,690 | \$ 61,506 |
| Due to Every Voice | <u>-</u> | <u>74,223</u> |
| Total current liabilities | <u>73,690</u> | <u>135,729</u> |
| NET ASSETS | | |
| Unrestricted | 401,347 | 629,966 |
| Temporarily restricted | <u>675,000</u> | <u>200,000</u> |
| Total net assets | <u>1,076,347</u> | <u>829,966</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 1,150,037</u> | <u>\$ 965,695</u> |

EVERY VOICE CENTER

**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2016
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2015**

| | 2016 | | | 2015 |
|---|--------------------------|--------------------------|----------------------------|--------------------------|
| | Unrestricted | Temporarily Restricted | Total | Total |
| REVENUE | | | | |
| Foundation grants | \$ - | \$ 1,325,000 | \$ 1,325,000 | \$ 878,000 |
| Contributions | 2,109,073 | - | 2,109,073 | 1,640,477 |
| Investment income | 274 | - | 274 | 708 |
| Contributed services | 5,860 | - | 5,860 | - |
| Miscellaneous income | 6 | - | 6 | - |
| Net assets released from donor restrictions | <u>850,000</u> | <u>(850,000)</u> | <u>-</u> | <u>-</u> |
| Total revenue | <u>2,965,213</u> | <u>475,000</u> | <u>3,440,213</u> | <u>2,519,185</u> |
| EXPENSES | | | | |
| Program Services | 2,654,593 | - | 2,654,593 | 1,729,998 |
| General and Administrative | 283,318 | - | 283,318 | 322,554 |
| Fundraising | <u>255,921</u> | <u>-</u> | <u>255,921</u> | <u>199,952</u> |
| Total expenses | <u>3,193,832</u> | <u>-</u> | <u>3,193,832</u> | <u>2,252,504</u> |
| Change in net assets | (228,619) | 475,000 | 246,381 | 266,681 |
| Net assets at beginning of year | <u>629,966</u> | <u>200,000</u> | <u>829,966</u> | <u>563,285</u> |
| NET ASSETS AT END OF YEAR | <u>\$ 401,347</u> | <u>\$ 675,000</u> | <u>\$ 1,076,347</u> | <u>\$ 829,966</u> |

EVERY VOICE CENTER
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2016
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2015

| | 2016 | | | 2015 | |
|---|---------------------|-------------------------------|-------------------|---------------------|---------------------|
| | Supporting Services | | | Total Expenses | Total Expenses |
| | Program Services | General and Administrative | Fundraising | | |
| Grants | \$ 1,462,450 | \$ - | \$ - | 1,462,450 | \$ 330,000 |
| Salaries, payroll taxes and fringe benefits | 522,964 | 290,740 | 142,693 | 956,397 | 1,085,061 |
| Consultants | 349,599 | - | 4,000 | 353,599 | 463,109 |
| Occupancy | - | 152,500 | - | 152,500 | 89,310 |
| Professional fees | - | 80,963 | - | 80,963 | 61,831 |
| Travel | 9,671 | 28,138 | 16,996 | 54,805 | 39,552 |
| Office expenses | - | 42,718 | 6,166 | 48,884 | 10,000 |
| Internet and web related | 21,527 | 15,557 | - | 37,084 | - |
| Conferences, events and meetings | 9,132 | 10,899 | 1,208 | 21,239 | 32,515 |
| Subscriptions and publications | 7,411 | 820 | 1,694 | 9,925 | 16,603 |
| State charitable registrations | - | - | 9,524 | 9,524 | 9,159 |
| Legal fees | - | 4,774 | - | 4,774 | 8,032 |
| Insurance | - | 1,082 | 350 | 1,432 | 11,549 |
| Organizational development | - | 198 | - | 198 | - |
| Strategic planning | - | 58 | - | 58 | - |
| Information technology | - | - | - | - | 91,564 |
| Mail outreach | - | - | - | - | 2,106 |
| Training program | - | - | - | - | 2,113 |
| Allocation of management and general | 271,839 | (345,129) | 73,290 | - | - |
| TOTAL | \$ 2,654,593 | \$ 283,318 | \$ 255,921 | \$ 3,193,832 | \$ 2,252,504 |

EVERY VOICE CENTER

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2015**

| | <u>2016</u> | <u>2015</u> |
|---|--------------------------|--------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in net assets | \$ 246,381 | \$ 266,681 |
| Adjustments to reconcile change in net assets to net cash (used) provided by operating activities: | | |
| Unrealized gain on investments | - | (482) |
| (Increase) decrease in: | | |
| Contributions receivable | 50,000 | (50,000) |
| Pledges receivable | (35,392) | (15,228) |
| Grants receivable | (310,114) | (200,000) |
| Prepaid expenses | (36,027) | (2,236) |
| Deposit | - | 3,000 |
| Security deposit | (2,610) | - |
| Increase (decrease) in: | | |
| Accounts payable and accrued expenses | 12,184 | (18,220) |
| Due to Every Voice | <u>(74,223)</u> | <u>17,862</u> |
| Net cash (used) provided by operating activities | <u>(149,801)</u> | <u>1,377</u> |
| Net (decrease) increase in cash and cash equivalents | (149,801) | 1,377 |
| Cash and cash equivalents at beginning of year | <u>584,774</u> | <u>583,397</u> |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | <u>\$ 434,973</u> | <u>\$ 584,774</u> |

EVERY VOICE CENTER

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

Every Voice Center is a non-profit corporation incorporated on November 18, 1996 in the District of Columbia. Its primary purpose is to educate the general public and policy makers in the United States of America regarding the consequences of the current system of campaign finance and the merits of comprehensive reform.

In March 2015, Every Voice Center amended its Articles of Incorporation to change its legal name from Public Campaign to Every Voice Center.

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with FASB ASC 958, *Not-for-Profit Entities*.

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with Every Voice Center's financial statements for the year ended December 31, 2015, from which the summarized information was derived.

Cash and cash equivalents -

Every Voice Center considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

Bank deposit accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000. At times during the year, Every Voice Center maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

Grants, pledges and contributions receivable -

Grants, pledges and contributions receivable consist of grants, pledges and contributions expected to be received within one year, and are recorded at their fair value. Management considers all amounts to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established.

Furniture and equipment -

Furniture and equipment costing \$3,500 and above are capitalized and stated at cost in the accompanying financial statements. Furniture and equipment are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally five years. The costs of maintenance and repairs and furniture and equipment valued less than \$3,500 are recorded as expenses are incurred.

For the year ended December 31, 2016, Every Voice Center had no furniture and equipment that was capitalizable.

Income taxes -

Every Voice Center is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements. Every Voice Center is not a private foundation.

EVERY VOICE CENTER

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Uncertain tax positions -

For the year ended December 31, 2016, Every Voice Center has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements.

Net asset classification -

The net assets are reported in two self-balancing groups as follows:

- **Unrestricted net assets** include unrestricted revenue and contributions received without donor-imposed restrictions. These net assets are available for the operation of Every Voice Center.
- **Temporarily restricted net assets** include revenue and contributions subject to donor-imposed stipulations that will be met by the actions of Every Voice Center and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities and Change in Net Assets as net assets released from restrictions.

Grants and contributions -

Unrestricted and temporarily restricted grants and contributions are recorded as revenue in the year notification is received from the donor. Temporarily restricted grants and contributions are recognized as unrestricted support only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions even if the restriction is met in the same reporting period. Such funds in excess of expenses incurred are shown as temporarily restricted net assets in the accompanying financial statements.

Contributed services -

Contributed services consist of professional services received pro-bono. Contributed services are recorded at their fair value as of the date of the gift. Every Voice Center received \$5,860 of contributed services during the year ended December 31, 2016.

Use of estimates -

The preparation of the 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 at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities and Change in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

EVERY VOICE CENTER

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)

Risks and uncertainties -

Every Voice Center invests in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

Fair value measurement -

Every Voice Center adopted the provisions of FASB ASC 820, *Fair Value Measurement*. FASB ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs (assumptions that market participants would use in pricing assets and liabilities, including assumptions about risk) used to measure fair value, and enhances disclosure requirements for fair value measurements. Every Voice Center accounts for a significant portion of its financial instruments at fair value or considers fair value in their measurement. Every Voice Center has a certificate of deposit in the amount of \$48,243 that is considered a Level 1 asset.

New accounting pronouncement not yet implemented -

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities* (Topic 958), intended to improve financial reporting for not-for-profit entities. The ASU will reduce the current three classes of net assets into two: with and without donor restrictions. The change in each of the classes of net assets must be reported on the Statement of Activities and Change in Net Assets. The ASU also requires various enhanced disclosures around topics such as board designations, liquidity, functional classification of expenses, investment expenses, donor restrictions, and underwater endowments. The ASU is effective for years beginning after December 15, 2017. Early adoption is permitted. The ASU should be applied on a retrospective basis in the year the ASU is first applied. While the ASU will change the presentation of Every Voice Center's financial statements for fiscal years beginning after December 15, 2017, it is not expected to alter Every Voice Center's financial position.

Reclassification -

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation. These reclassifications had no effect on the previously reported changes in net assets.

2. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following at December 31, 2016:

| | |
|-----------------------------|-------------------|
| Restricted for Time | \$ 655,000 |
| Research/Policy Development | <u>20,000</u> |
| | <u>\$ 675,000</u> |

EVERY VOICE CENTER

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

3. NET ASSETS RELEASED FROM RESTRICTIONS

The following temporarily restricted net assets were released from donor restrictions by incurring expenses, which satisfied the restricted purposes specified by the donors:

| | |
|-----------------------------|--------------------------|
| Reform | \$ 310,000 |
| Special Projects | 240,000 |
| Passage of Time | 175,000 |
| Research/Policy Development | 44,000 |
| Communication | 40,000 |
| State Reform | 25,000 |
| Outreach | <u>16,000</u> |
| | <u>\$ 850,000</u> |

4. LEASE COMMITMENT

On November 19, 2014, Every Voice Center signed a five-year lease agreement, commencing on May 1, 2015. Base rate is \$286,568 per year, plus a proportionate share of expenses, increasing by a factor of 2% per year. Every Voice Center's obligation to pay the monthly base rent was abated for the first four months of the lease.

The lease agreement also requires Every Voice Center to keep an irrevocable letter of credit or cash deposit in the amount of \$47,761. Every Voice Center has a letter of credit with SunTrust Bank to satisfy this obligation. As collateral for the letter of credit, Every Voice Center has a certificate deposit in the amount of \$48,243.

The future minimum rental payments under the lease are as follows:

Year Ending December 31,

| | |
|------|----------------------------|
| 2017 | \$ 296,200 |
| 2018 | 302,133 |
| 2019 | 308,186 |
| 2020 | <u>103,406</u> |
| | <u>\$ 1,009,925</u> |

As noted in Note 5, Every Voice Center shares the office space with Every Voice, and rent expenses are shared between the organizations. Rent expense, which is included in occupancy for Every Voice Center and Every Voice for the year ended December 31, 2016 totaled \$152,500 and \$146,262, respectively.

5. RELATED PARTY TRANSACTIONS

Every Voice Center and Every Voice do not have a common Board of Directors; however, the organizations share staff personnel, office space, supplies, office furniture and equipment, and other similar services and items. Costs are allocated between the two organizations based on actual expenditures and a percentage of salaries.

EVERY VOICE CENTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

5. RELATED PARTY TRANSACTIONS (Continued)

In 2016, Every Voice Center provided grants to Every Voice for public education purposes and support for reform of campaign finance laws totaling to \$1,462,450.

As of December 31, 2016, Every Voice Center had a receivable of \$103,894 due from Every Voice for grants provided, net of shared administrative expenses.

6. RETIREMENT PLAN

Every Voice Center has a 403(b) tax deferred annuity plan. The plan covers all employees who meet certain age and employment requirements. Every Voice Center contributes 4% of gross wages. Retirement expense for 2016 totaled \$32,231.

7. SUBSEQUENT EVENTS

In preparing these financial statements, Every Voice Center has evaluated events and transactions for potential recognition or disclosure through August 24, 2017, the date the financial statements were issued.