



**COMMON CAUSE AND AFFILIATE
CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2023
(WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2022)**

COMMON CAUSE AND AFFILIATE

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
Common Cause and Affiliate

Opinion

We have audited the consolidated financial statements of Common Cause and Affiliate (the Organization), which comprise the consolidated statement of financial position as of June 30, 2023, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Organization as of June 30, 2023, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis 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 information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements

themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited the Organization's 2022 consolidated financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 27, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Marcum LLP

Washington, DC
March 15, 2024

COMMON CAUSE AND AFFILIATE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2022)

	2023	2022
Assets		
Cash and cash equivalents	\$ 12,206,605	\$ 19,924,519
Grant, contribution and bequest receivables	3,633,007	3,018,073
Investments	14,652,802	11,512,137
Prepaid expenses and other assets	454,162	507,955
Property and equipment, net	430,113	535,447
Right of use assets – operating	2,432,663	--
Total Assets	\$ 33,809,352	\$ 35,498,131
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 1,372,471	\$ 1,549,005
Deferred rent and lease incentive	--	925,786
Operating lease liabilities	3,203,662	--
Total Liabilities	4,576,133	2,474,791
Net Assets		
Without donor restrictions	18,236,877	18,317,146
With donor restrictions	10,996,342	14,706,194
Total Net Assets	29,233,219	33,023,340
Total Liabilities and Net Assets	\$ 33,809,352	\$ 35,498,131

The accompanying notes are an integral part of these consolidated financial statements.

COMMON CAUSE AND AFFILIATE

CONSOLIDATED STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2023

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR JUNE 30, 2022)

	Without Donor Restrictions	With Donor Restrictions	2023	2022
Revenue and Support				
Grants and contributions	\$ 12,913,663	\$ 7,144,499	\$ 20,058,162	\$ 27,655,507
Contributed services	10,360,699	--	10,360,699	14,332,815
Bequests	1,471,832	--	1,471,832	680,955
Rental and other income	11,331	--	11,331	63,834
Net assets released from restrictions				
Satisfaction of time restrictions	2,003,162	(2,003,162)	--	--
Satisfaction of program restrictions	<u>9,434,431</u>	<u>(9,434,431)</u>	<u>--</u>	<u>--</u>
Total Revenue and Support	<u>36,195,118</u>	<u>(4,293,094)</u>	<u>31,902,024</u>	<u>42,733,111</u>
Expenses				
Program services:				
States programs	11,316,645	--	11,316,645	5,813,063
Redistricting and representation	10,562,094	--	10,562,094	827,255
Other national programs	5,345,343	--	5,345,343	19,817,497
Voting and elections	2,783,600	--	2,783,600	2,794,199
Media and democracy	529,731	--	529,731	695,675
Money in politics	<u>170,993</u>	<u>--</u>	<u>170,993</u>	<u>472,413</u>
Total Program Services	<u>30,708,406</u>	<u>--</u>	<u>30,708,406</u>	<u>30,420,102</u>
Supporting services:				
General and administration	897,609	--	897,609	743,169
Fundraising	<u>5,105,173</u>	<u>--</u>	<u>5,105,173</u>	<u>5,312,840</u>
Total Supporting Services	<u>6,002,782</u>	<u>--</u>	<u>6,002,782</u>	<u>6,056,009</u>
Total Expenses	<u>36,711,188</u>	<u>--</u>	<u>36,711,188</u>	<u>36,476,111</u>
Change in Net Assets from Operations	(516,070)	(4,293,094)	(4,809,164)	6,257,000
Paycheck protection program loan forgiveness	--	--	--	1,129,700
Net investment return	<u>435,801</u>	<u>583,242</u>	<u>1,019,043</u>	<u>(644,037)</u>
Change in Net Assets	(80,269)	(3,709,852)	(3,790,121)	6,742,663
Net Assets, Beginning of Year	<u>18,317,146</u>	<u>14,706,194</u>	<u>33,023,340</u>	<u>26,280,677</u>
Net Assets, End of Year	<u>\$ 18,236,877</u>	<u>\$ 10,996,342</u>	<u>\$ 29,233,219</u>	<u>\$ 33,023,340</u>

The accompanying notes are an integral part of these consolidated financial statements.

COMMON CAUSE AND AFFILIATE

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2023

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2022)

	Program Services						Supporting Services			2023 Total	2022 Total	
	States Programs	Redistricting and Representation	Other National Programs	Voting and Elections	Media and Democracy	Money in Politics	Total Program Services	General and Administrative	Fundraising			Total Supporting Services
Salaries	\$ 5,746,976	\$ 184,549	\$ 2,504,436	\$ 1,246,365	\$ 285,927	\$ 99,793	\$ 10,068,046	\$ 260,331	\$ 933,893	\$ 1,194,224	\$ 11,262,270	\$ 9,352,953
In-kind professional services	84,000	10,276,699	--	--	--	--	10,360,699	--	--	--	10,360,699	14,332,815
Consultants and professional fees	2,114,893	32,368	902,953	738,548	24,648	28,363	3,841,773	144,151	192,778	336,929	4,178,702	4,118,928
Public relations	110,937	929	77,768	156,416	743	470	347,263	8,313	3,190,887	3,199,200	3,546,463	2,993,751
Payroll taxes and fringe benefits	1,386,663	40,140	631,703	305,882	70,822	25,144	2,460,354	67,126	235,663	302,789	2,763,143	2,347,781
Other	498,471	4,908	462,735	107,573	40,670	3,760	1,118,117	106,337	120,481	226,818	1,344,935	910,706
Occupancy	705,517	5,026	229,845	53,194	49,977	4,990	1,048,549	148,594	80,620	229,214	1,277,763	1,184,634
Information technology	272,578	2,920	412,761	92,374	38,578	3,515	822,726	110,550	321,377	431,927	1,254,653	868,048
Travel, conferences and meetings	396,610	14,555	123,142	83,248	18,366	4,958	640,879	52,207	29,474	81,681	722,560	366,495
Total Expenses	<u>\$ 11,316,645</u>	<u>\$ 10,562,094</u>	<u>\$ 5,345,343</u>	<u>\$ 2,783,600</u>	<u>\$ 529,731</u>	<u>\$ 170,993</u>	<u>\$ 30,708,406</u>	<u>\$ 897,609</u>	<u>\$ 5,105,173</u>	<u>\$ 6,002,782</u>	<u>\$ 36,711,188</u>	<u>\$ 36,476,111</u>

The accompanying notes are an integral part of these consolidated financial statements.

COMMON CAUSE AND AFFILIATE

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2023

(WITH THE SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2022)

	2023	2022
Cash Flows From Operating Activities		
Change in Net Assets	\$ (3,790,121)	\$ 6,742,663
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Unrealized and realized (gains) losses on investments	(750,580)	726,982
Depreciation and amortization	160,308	169,325
Paycheck protection program loan forgiveness	--	(1,129,700)
Right of use assets amortization	771,420	--
Changes in assets and liabilities		
Grants, contributions and bequests receivable	(614,934)	(1,819,029)
Prepaid expenses and other assets	53,793	(55,427)
Accounts payable and accrued expenses	(176,534)	174,617
Deferred rent and lease incentive	--	(141,667)
Operating lease liabilities	(926,207)	--
Net Cash (Used In) Provided By Operating Activities	(5,272,855)	4,667,764
Cash Flows From Investing Activities		
Proceeds from sale and maturities of investments	1,052,794	5,563,248
Purchases and donations of investments	(4,449,568)	(7,115,104)
Purchases of property and equipment	(54,974)	(27,127)
Net Cash Used In Investing Activities	(3,451,748)	(1,578,983)
Net (Decrease) Increase in Cash and Cash Equivalents	(8,724,603)	3,088,781
Cash and Cash Equivalents, Beginning of Year	21,378,565	18,289,784
Cash and Cash Equivalents, End of Year	\$ 12,653,962	\$ 21,378,565
Reconciliation of cash and cash equivalents		
Cash and cash equivalents	\$ 12,206,605	\$ 19,924,519
Cash and cash equivalents held for investment purposes	447,357	1,454,046
Total cash and cash equivalents	\$ 12,653,962	\$ 21,378,565
Supplemental Noncash Financing Activities		
Paycheck protection program loan forgiveness	\$ --	\$ 1,129,700
Additions to ROU assets obtained from new operating lease liabilities	\$ 37,676	\$ --

The accompanying notes are an integral part of these consolidated financial statements.

COMMON CAUSE AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

ORGANIZATION

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

Common Cause Education Fund (the Education Fund) was formed in 2000 as a nonprofit under the laws of the State of Delaware. The Education Fund provides public education, engagement, and research. Grants and tax-deductible contributions to the Education Fund increase capacity to build public engagement on democracy issues and promote the effective citizen participation so critical for a healthy, robust democratic society.

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

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of Common Cause and the Education Fund (collectively referred to as the Organization). Common Cause and the Education Fund have been consolidated, as required under accounting principles generally accepted in the United States of America (GAAP), due to the presence of a controlling interest in the Education Fund by Common Cause. All intercompany balances and transactions have been eliminated in consolidation.

BASIS OF ACCOUNTING

The consolidated financial statements have been prepared on the accrual basis of accounting. Consequently, revenue is recognized when earned and expenses are recognized when the obligations are incurred.

CASH EQUIVALENTS

As required under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 230, *Statement of Cash Flows*, the Organization considers highly liquid investments purchased with maturities of three months or less to be cash equivalents.

COMMON CAUSE AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (CONTINUED)

RECEIVABLES

The Organization records receivables at net realizable value. Management periodically reviews the status of all promises to give for collectability. Each promise to give is assessed based on management's knowledge of and relationship with the donor and the payment history of each donor. Receivables are written off when deemed uncollectible. All amounts are due to be collected in less than one year.

INVESTMENTS

Investments consist of equities, mutual funds, and money market funds that are recorded in the accompanying consolidated financial statements at fair value, as based upon quoted market prices, as of June 30, 2023. Investments also includes cash and cash equivalents and certificates of deposit. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Purchases and sales are reflected on a trade-date basis. Interest, dividends and realized gains or losses are recorded when earned. Changes in the fair value of the portfolio are recorded as unrealized gains or losses.

FAIR VALUE MEASUREMENT

FASB ASC Topic 820, Fair Value Measurement, defines fair value and establishes a framework for measuring fair value for assets and liabilities that are measured at fair value on a recurring basis. In accordance with the accounting standards for fair value measurements for those assets and liabilities that are measured at fair value on a recurring basis, the Organization has categorized its applicable financial instruments into a required fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest-level input that is significant to the fair value measurement of the instrument. Applicable financial assets and liabilities are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Inputs based on quoted prices (unadjusted) in active markets for identical assets or liabilities accessible at the measurement date.

Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly, such as quoted prices for similar assets or liabilities in active markets.

Level 3 – Unobservable inputs for the asset or liability, including the reporting entity's own assumptions in determining the fair value measurement.

As of June 30, 2023, the Organization's investments were measured at fair value on a recurring basis, as presented in Note 3.

COMMON CAUSE AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(CONTINUED)**

PROPERTY AND EQUIPMENT

Property and equipment with a useful life of more than one year and an acquisition cost of \$1,000 are capitalized at cost. Maintenance and repairs are charged to expense when incurred; major improvements are capitalized. Property and equipment is 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. Upon the retirement or disposal of assets, the accounts are relieved of the cost and accumulated depreciation, with any resulting gain or loss included in revenue or expense.

OPERATING RIGHT OF USE ASSETS AND LEASE LIABILITIES

The Organization determines if an arrangement is or contains a lease at inception. The Organization's office leases are included in right of use (ROU) assets – operating and operating lease liabilities in the accompanying consolidated statement of financial position. The ROU assets and operating lease liabilities are recognized at the commencement date of the lease agreements based on the present value of lease payments over the lease term using risk-free rates. The ROU assets is amortized on a straight-line basis over the lease term and is reflected as occupancy expense in the accompanying consolidated statement of functional expenses. The lease liabilities are reduced as cash payments are made under the terms of the leases.

CLASSIFICATION OF NET ASSETS

The net assets of the Organization are reported as follows:

- Net assets without donor restrictions represent the portion of expendable funds that are available for any purpose in performing the primary objectives of the Organization at the discretion of the Organization's management and its Board of Trustees (the Board). Net assets without donor restrictions include amounts that have been designated by the Board for specific purposes.
- Net assets with donor restrictions represent funds, including any investment income, that are specifically restricted by donors for use in various programs and/or for specific periods of time. These donor restrictions can be temporary in nature in that they will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity. As of June 30, 2023, the Organization had no net assets with donor restrictions that are required to be maintained in perpetuity.

COMMON CAUSE AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (CONTINUED)

REVENUE RECOGNITION

Unconditional contributions and grants are recorded as revenue and support when received or unconditionally promised. Unconditional contributions and grants are considered available for unrestricted use unless specifically restricted by the donor. The Organization reports gifts of cash and other assets as having donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a stipulated time restriction ends or purpose of a restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions. Unconditional contributions that have been committed to the Organization, but have not been received as of year-end, are reflected as receivables in the accompanying consolidated statement of financial position. Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected after one year are recorded at their present value using the appropriate discount rates. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

Wills are recorded as bequests revenue when the probate courts declare the wills are valid and the proceeds are measurable.

DONATED SERVICES

Donated services are recognized in the consolidated statement of activities as contributions and expenses in equal amounts in accordance with GAAP when the services: (a) create or enhance non-financial assets, or (b) require specialized skills, are performed by people with those skills and would otherwise be purchased by the Organization. Donated services have been recorded using the estimated fair market value of the services provided.

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.

FUNCTIONAL ALLOCATION OF EXPENSES

The cost of providing the various programs and other activities have been summarized on a functional basis in the accompanying consolidated statement of functional expenses. Accordingly, certain cost have been allocated among the programs and supporting services benefited. Expenses directly attributed to a specific functional area of the Organization are reported as direct expenses to that function. Shared costs the that benefit more than one function are allocated based on estimated time and effort.

COMMON CAUSE AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(CONTINUED)**

The programs and supporting services are described as follows:

STATE PROGRAMS

The Organization boasts 25 state organizations with staff and 30 state organizations with staff and board members. Through the state organizations, the Organization works to achieve democracy reform victories at the state and local level that protect and strengthen the freedom to vote, get big money out of politics, end partisan and racial gerrymandering, secure ethics and accountability in our government and for elected leaders, and ensure our courts remain fair and independent. Through working with legislators, releasing reports, mobilizing volunteers, and working with coalition partners, the Organization has helped champion reforms that make government more accountable to the people.

VOTING AND ELECTIONS

The Organization’s voting and elections team works to defend and strengthen the freedom to vote through lobbying, litigation, and organizing. The Organization’s work has helped win hundreds of reforms at the national, state, and local levels. The Organization continues to advocate for reforms like automatic voter registration, same-day (“Election Day”) registration, online voter registration, expanded vote-by-mail, enhanced early voting, and increased election funding. The Organization works to oppose voter ID and insecure methods of voting like mobile/remote/Internet voting. The Organization also leads a national “Election Protection” program each cycle with thousands of volunteers to ensure that all Americans can have their voices heard and votes counted.

REDISTRICTING AND REPRESENTATION

The Organization’s redistricting and representation team continues to fight back against partisan and racial gerrymandering through legislation and at the ballot box, as well as in state and federal courts.

MEDIA AND DEMOCRACY

The Organization’s Media and Democracy work ensures that everyone has access to the free flow of information and exchange of ideas necessary to make informed decisions about our democracy. The Organization’s work is at the intersection of telecommunications, internet, and media law to advocate for policies that hold media companies accountable and protect diverse media ownership. Through grassroots mobilization, legal action, stakeholder engagement, and coalition work, the Organization’s team ensures everyone has critical communication tools to participate in our government.

COMMON CAUSE AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (CONTINUED)

MONEY IN POLITICS

The Organization championed reforms such as the Ethics in Government Act, Federal Election Campaign Act, Bipartisan Campaign Reform Act, and the Honest Leadership and Open Government Act to get big money out of politics and help ensure that elected officials are accountable to “We the People.” The Organization continues to file complaints, lead campaigns, and write op-eds to draw attention to the corrosive nature of big money in politics and push for increased disclosure of political spending, advance small dollar matching systems, pass resolutions to overturn the Citizens United decision, and other reforms that amplify the voices of everyday Americans.

OTHER NATIONAL PROGRAMS

The Organization’s national programs work to support its 1.5 million members working at the national, state, and local levels of government. The programs support championing policy at every level of government, maintaining contact with policymakers and their staff, monitoring and reviewing legislation relevant to the organization’s issues, membership mobilization through digital and grassroots campaigns, coalition building around policy and ballot measure initiatives, relationships with reporters to shape public opinion, and strategic messaging campaigns across multiple media channels to advance policy issues.

GENERAL AND ADMINISTRATION

The activities of this supporting service include the administrative processes of the Organization, such as managing operations and financial responsibilities. It also includes developing and directing the programs of Common Cause and the Common Cause Education Fund, including research and preparation of position papers and analyses of national and state issues.

FUNDRAISING

The activities of fundraising include raising funds to secure the financial needs of the Organization, through direct marketing to smaller donors and relationships with major donors and foundations.

ESTIMATES

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

MEASURE OF OPERATIONS

The Organization considers net investment return to be nonoperating in nature.

COMMON CAUSE AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(CONTINUED)**

NEW ACCOUNTING PRONOUNCEMENTS

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842) that requires a lessee to recognize on the consolidated statement of the financial position a liability to make lease payments (lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term, regardless of the classification of a lease as an operating or finance lease. The Organization adopted ASU 842 on July 1, 2022, using the modified retrospective approach for operating leases, with a term greater than 12 months. The adoption of the standard resulted in the recognition of an operating lease asset in the amount of \$3,204,083, which is net of the deferred rent and lease incentive liability of \$925,786, and a lease liability in the amount of \$4,129,869 on the consolidated statement of position as of July 1, 2022. The adoption of the standard did not result in a material change to the net assets and cash flows reported in the consolidated financial statements.

NOTE 2 – GRANT, CONTRIBUTIONS AND BEQUEST RECEIVABLES

Grant, contribution and bequest receivables are composed of unconditional promises to give. The Organization has not recorded an allowance for uncollectible receivables, as management believes all amounts are fully collectible. Additionally, no discount was recorded as of June 30, 2023 as all grant, contribution and bequest receivables are expected to be received in less than one year.

As of June 30, 2023, the Organization received conditional grants totaling \$450,000. The Organization records revenue and support on these conditional grants as the conditions are met. As of June 30, 2023, \$150,000 of the conditional grants had not been recognized as the conditions set by the grantors have not been met.

COMMON CAUSE AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 3 – INVESTMENTS AND FAIR VALUE MEASUREMENT

Investments consisted of the following at June 30, 2023:

	Total <u>Fair Value</u>	Quoted Prices in Active Markets for Identical Assets/ Liabilities <u>Level 1</u>	Significant Other Observable Inputs <u>Level 2</u>	Significant Unobservable Inputs <u>Level 3</u>
Investments:				
Equity securities	\$ 4,726,685	\$ 4,726,685	\$ --	\$ --
Money market funds	6,400,691	6,400,691	--	--
Mutual funds	<u>3,052,179</u>	<u>3,052,179</u>	--	--
Total Investments in Fair Value Hierarchy	14,179,555	<u>\$14,179,555</u>	<u>\$ --</u>	<u>\$ --</u>
Cash and cash equivalents	447,357			
Certificates of deposit	<u>25,890</u>			
Total Investments	<u>\$ 14,652,802</u>			

Equity securities, money market funds and mutual funds – Valued based on quoted prices in active markets.

Certificates of deposit – Valued based on principal plus accrued interest.

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2023:

Computer equipment and software	\$ 242,170
Furniture and other equipment	223,228
Leasehold improvements	<u>1,179,613</u>
Total Property and Equipment	1,645,011
Less: Accumulated depreciation and amortization	<u>(1,214,898)</u>
Property and Equipment, Net	<u>\$ 430,113</u>

Depreciation and amortization expense was \$160,308 for the year ended June 30, 2023.

COMMON CAUSE AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 5 –LEASES

The Organization evaluated current contracts to determine which met the criteria of a lease. The ROU assets – operating represents the Organization’s right to use the underlying asset for the lease term, and the operating lease liabilities represents the Organization’s obligation to make lease payments arising from its leases. The ROU assets and lease liabilities, all of which arise from the Organization’s national office in Washington, D.C., as well as other state office leases, were calculated based on the present value of future lease payments over the lease term. The terms of the office leases cover varying periods through February 2027. The Organization has made an accounting policy election to use a risk-free rate to discount future lease payments.

The Organization recorded a lease obligation equal to the present value of the future payments due under the terms of the leases, discounted at risk-free rates. Rent expense for the leases totaled \$1,033,374 for the year ended June 30, 2023.

The following summarizes the cash flow information related to operating leases for the year ended June 30, 2023:

Cash paid for amounts included in the measurement of operating lease liabilities:	
Operating cash flows for operating leases	\$ 1,091,791
Cash paid for month-to-month operating leases	<u>52,973</u>
Total	<u>\$ 1,144,764</u>

Total future minimum payments related to these leases are as follows:

For the Year Ending <u>June 30,</u>	
2024	\$ 1,069,390
2025	913,260
2026	863,226
2027	<u>584,776</u>
Total Lease Liabilities Before Discount	3,430,652
Less: Present Value Discount	<u>(226,990)</u>
Operating Lease Liabilities	<u>\$ 3,203,662</u>

Other information related to the operating leases as of June 30, 2023:

Weighted average remaining lease term	3.45 years
Weighted average discount rate	2.90%

COMMON CAUSE AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 6 – NET ASSETS

NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions consisted of the following at June 30, 2023:

Undesignated	\$ 9,612,416
Board designated	<u>8,624,461</u>
Total Net Assets Without Donor Restrictions	<u>\$ 18,236,877</u>

The Organization has a board-designated fund which is referred to as the reserve fund. The Board established the reserve fund to seize opportunities and prepare for emergencies. Effective July 1, 2021, the Organization’s goal is to accumulate a reserve fund equal to \$12 million. In order to achieve this goal, 100% of all bequests received will be allocated to the reserve fund.

NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions and related activities consisted of the following as of and for the year ended June 30 2023:

Subject to purpose restrictions:	
Government accountability	\$ 4,142,515
State programs	1,981,565
Voting and elections	1,716,443
Other programs	1,176,869
Redistricting and representation	984,028
Money in politics	350,427
Media and democracy	<u>219,495</u>
Total Subject to Purpose Restriction	10,571,342
Subject to occurrence of specified events/passage of time	<u>425,000</u>
Total Net Assets With Donor Restrictions	<u>\$ 10,996,342</u>

The government accountability funding was established in accordance with the George S. McGovern Great Government Endowment grant agreement. Under the terms of the grant agreement, the Organization must invest any unspent funds, and any associated investment earnings are restricted to support the activities of the program, but the Organization must spend the original contribution and any investment earnings in accordance with the annual spending thresholds identified in the grant agreement until the funds are exhausted.

COMMON CAUSE AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 7 – COMMITMENTS, RISKS AND CONTINGENCIES

CONCENTRATION OF CREDIT RISK

The Organization maintains its cash and cash equivalents with certain commercial financial institutions, which aggregate balances may exceed, at times, the Federal Deposit Insurance Corporation (FDIC) insured limit of \$250,000 per depositor per institution. As of June 30, 2023, the balance exceeded the FDIC maximum insured limit by approximately \$11,253,000. The Organization monitors the creditworthiness of these institutions and has not experienced any historical credit losses on its cash and cash equivalents.

LINE OF CREDIT

The Organization has a revolving demand line of credit with a financial institution in the amount of \$1,000,000. The line of credit is secured by deposits and investments held by the same financial institution, plus all other assets. Amounts borrowed under this line of credit are due and payable on demand. Interest on borrowed funds is payable monthly and accrues at variable interest rate as defined in the line of credit agreement, which was 7.58% as of June 30, 2023. There was no outstanding balance due on the line of credit as of June 30, 2023, and there were no borrowings under this line during the year ended June 30, 2023.

NOTE 8 – CONTRIBUTED SERVICES

The Organization receives donated legal services for its program service activities. These services are recognized if the services received create or enhance long-lived assets or require specialized skills, are provided by individuals possessing these skills and would typically need to be purchased if not donated. The Organization recognizes in-kind contribution revenue and a corresponding expense in an amount approximating the estimated fair value at the time of the donation. The fair value of the donated legal services is estimated using the actual billable hours incurred at each firm's standard billable rates as reported by the law firms. Donated services totaled \$10,360,699 for the year ended June 30, 2023 and was primarily used to support its redistricting and representation program.

NOTE 9 – LIQUIDITY AND AVAILABILITY

Financial assets available for use for general expenditures within one year of the consolidated statement of financial position date were comprised of the following:

Cash and cash equivalents	\$ 12,206,605
Grant, contribution and bequest receivables	3,633,007
Investments	<u>14,652,802</u>
Total financial assets available within one year	30,492,414

COMMON CAUSE AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

NOTE 9 – LIQUIDITY AND AVAILABILITY (CONTINUED)

(continued)

Less: Donor restricted funds	\$ (10,996,342)
Less: Board-designated funds	<u>(8,624,461)</u>
Financial Assets Available To Meet Cash Needs For General Expenditures within One Year	<u>\$ 10,871,611</u>

The Organization has various sources of liquidity at its disposal, including cash and cash equivalents and investments, which are available for general expenditures, liabilities and other obligations as they come due. Management is focused on sustaining the financial liquidity of the Organization throughout the year. This is done through monitoring and reviewing the Organization's cash flow needs on a regular basis. As a result, management is aware of the cyclical nature of the Organization's cash flow related to the Organization's various funding sources and is therefore able to ensure that there is cash available to meet current liquidity needs. To help manage unanticipated liquidity needs, the Organization has a committed line of credit of \$1,000,000 that is available to draw upon as of June 30, 2023. Additionally, the Organization has board-designated net assets that could be available for current operations with Board approval, if necessary.

NOTE 10 – 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 limits. The Organization provides a discretionary contribution, a portion of which is a matching contribution. The Organization's contributions under the plan totaled \$364,832 for the year ended June 30, 2023.

NOTE 11 – INCOME TAXES

Common Cause and the Education Fund are exempt from Federal income taxes under Section 501(c)(4) and 501(c)(3) of the Internal Revenue Code, respectively. Accordingly, Common Cause and the Education Fund are exempt from the payment of taxes on income other than net unrelated business income. No provision for income taxes has been made in the consolidated financial statements for the year ended June 30, 2023, as there was no significant net unrelated business income.

The Organization has adopted the authoritative guidance relating to accounting for uncertainty in income taxes included in FASB ASC Topic 740, Income Taxes. These provisions provide consistent guidance for the accounting for uncertainty in income taxes

COMMON CAUSE AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 11 – INCOME TAXES (CONTINUED)

recognized in an entity’s financial statements and prescribe a threshold of “more likely than not” for recognition and derecognition of tax positions taken or expected to be taken in a tax return. The Organization evaluated its uncertainty in income taxes for the year ended June 30, 2023, and determined that there were no matters that would require recognition in the consolidated financial statements or that may have any effect on its tax-exempt status; and there are currently no examinations pending or in progress. It is the Organization’s policy to recognize interest and/or penalties related to uncertainty in income taxes, if any, in income tax or interest expense. As of June 30, 2023, the Organization had no accruals for interest and/or penalties.

NOTE 12 – PRIOR YEAR SUMMARIZED FINANCIAL INFORMATION

The accompanying consolidated 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 GAAP. Accordingly, such information should be read in conjunction with the Organization’s consolidated financial statements for the year ended June 30, 2022, from which the summarized information was derived.

NOTE 13 – SUBSEQUENT EVENTS

The Organization’s management has evaluated subsequent events through March 15, 2024, the date the consolidated financial statements were available to be issued. There were no subsequent events that require recognition or disclosure in these consolidated financial statements.

COMMON CAUSE AND AFFILIATE

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION

JUNE 30, 2023

	Common Cause	Education Fund	Eliminations	Total
Assets				
Cash and cash equivalents	\$ 3,467,822	\$ 8,738,783	\$ --	\$ 12,206,605
Grant, contributions and bequests receivable	691,513	2,941,494	--	3,633,007
Amount due from affiliate	--	529,627	(529,627)	--
Investments	5,311,343	9,341,459	--	14,652,802
Prepaid expenses and other assets	296,030	158,132	--	454,162
Property and equipment	423,516	6,597	--	430,113
Right-of-use assets- operating	<u>2,363,286</u>	<u>69,377</u>	<u>--</u>	<u>2,432,663</u>
Total Assets	<u>\$ 12,553,510</u>	<u>\$ 21,785,469</u>	<u>\$ (529,627)</u>	<u>\$ 33,809,352</u>
Liabilities and Net Assets				
Liabilities				
Accounts payable and accrued expenses	\$ 170,534	\$ 1,201,937	\$ --	\$ 1,372,471
Amount due to affiliate	529,627	--	(529,627)	--
Operating lease liabilities	<u>3,131,404</u>	<u>72,258</u>	<u>--</u>	<u>3,203,662</u>
Total Liabilities	<u>3,831,565</u>	<u>1,274,195</u>	<u>(529,627)</u>	<u>4,576,133</u>
Net Assets				
Without donor restrictions	7,213,941	11,022,936	--	18,236,877
With donor restrictions	<u>1,508,004</u>	<u>9,488,338</u>	<u>--</u>	<u>10,996,342</u>
Total Net Assets	<u>8,721,945</u>	<u>20,511,274</u>	<u>--</u>	<u>29,233,219</u>
Total Liabilities and Net Assets	<u>\$ 12,553,510</u>	<u>\$ 21,785,469</u>	<u>\$ (529,627)</u>	<u>\$ 33,809,352</u>

See independent auditors' report.

COMMON CAUSE AND AFFILIATE
CONSOLIDATING SCHEDULE OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

	Without Donor Restrictions			With Donor Restrictions			
	Common Cause	Education Fund	Total	Common Cause	Education Fund	Total	Total
Revenue and Support							
Grants and contributions	\$ 6,958,172	\$ 5,955,491	\$ 12,913,663	\$ 364,000	\$ 6,780,499	\$ 7,144,499	\$ 20,058,162
Contributed services	10,360,699	--	10,360,699	--	--	--	10,360,699
Bequests	935,817	536,015	1,471,832	--	--	--	1,471,832
Rental and other income	8,940	2,391	11,331	--	--	--	11,331
Net assets released from restrictions							
Satisfaction of time restrictions	--	2,003,162	2,003,162	--	(2,003,162)	(2,003,162)	--
Satisfaction of program restrictions	745,199	8,689,232	9,434,431	(745,199)	(8,689,232)	(9,434,431)	--
Total Revenue and Support	<u>19,008,827</u>	<u>17,186,291</u>	<u>36,195,118</u>	<u>(381,199)</u>	<u>(3,911,895)</u>	<u>(4,293,094)</u>	<u>31,902,024</u>
Expenses							
Program services:							
States programs	2,670,372	8,646,273	11,316,645	--	--	--	11,316,645
Redistricting and representation	10,276,699	285,395	10,562,094	--	--	--	10,562,094
Other national programs	2,057,435	3,287,908	5,345,343	--	--	--	5,345,343
Voting and elections	15,045	2,768,555	2,783,600	--	--	--	2,783,600
Media and democracy	447,699	82,032	529,731	--	--	--	529,731
Money in politics	28,136	142,857	170,993	--	--	--	170,993
Total Program Services	<u>15,495,386</u>	<u>15,213,020</u>	<u>30,708,406</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>30,708,406</u>
Supporting services:							
General and administration	494,098	403,511	897,609	--	--	--	897,609
Fundraising	4,071,589	1,033,584	5,105,173	--	--	--	5,105,173
Total Supporting Services	<u>4,565,687</u>	<u>1,437,095</u>	<u>6,002,782</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>6,002,782</u>
Total Expenses	<u>20,061,073</u>	<u>16,650,115</u>	<u>36,711,188</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>36,711,188</u>
Change in Net Assets from Operations	(1,052,246)	536,176	(516,070)	(381,199)	(3,911,895)	(4,293,094)	(4,809,164)
Net investment return	139,459	296,342	435,801	74,052	509,190	583,242	1,019,043
Change in Net Assets	(912,787)	832,518	(80,269)	(307,147)	(3,402,705)	(3,709,852)	(3,790,121)
Net Assets, Beginning of Year	<u>8,126,728</u>	<u>10,190,418</u>	<u>18,317,146</u>	<u>1,815,151</u>	<u>12,891,043</u>	<u>14,706,194</u>	<u>33,023,340</u>
Net Assets, End of Year	<u>\$ 7,213,941</u>	<u>\$ 11,022,936</u>	<u>\$ 18,236,877</u>	<u>\$ 1,508,004</u>	<u>\$ 9,488,338</u>	<u>\$ 10,996,342</u>	<u>\$ 29,233,219</u>

See independent auditors' report.