# MAPLIGHT

## FINANCIAL STATEMENTS

## June 30, 2013

CROSBY & KANEDA
Certified Public Accountants

Dedicated to Nonprofit Organizations

**MapLight**

## Contents

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# INDEPENDENT AUDITORS' REPORT

Board of Directors
MapLight
Berkeley, California

**Report on the Financial Statements**

We have audited the accompanying financial statements of MapLight, which comprise the statement of financial position as of June 30, 2013, and the related statements of activities, cash flows and functional expenses 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 MapLight as of June 30, 2013, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Crosby & Kaneda

Certified Public Accountants
Oakland, California
January 14, 2014

## MapLight

### Statement of Financial Position
### June 30, 2013

#### Assets

| | | |
|---|---|---|
| Current assets | | |
| Cash and cash equivalents | $ | 764,452 |
| Grants receivable | | 700,000 |
| Prepaid expenses | | 8,338 |
| Total current assets | | 1,472,790 |
| Property and equipment, net (Note 3) | | 21,985 |
| Deposits | | 9,400 |
| Total Assets | $ | 1,504,175 |

#### Liabilities and Net Assets

| | | |
|---|---|---|
| Current liabilities | | |
| Accounts payable and accrued expenses | $ | 25,571 |
| Accrued vacation | | 42,567 |
| Total liabilities | | 68,138 |
| Commitments and Contingencies (Notes 4 and 5) | | |
| Net assets | | |
| Unrestricted | | 646,897 |
| Temporarily restricted net assets (Note 6) | | 789,140 |
| Total Net assets | | 1,436,037 |
| Total Liabilities and Net Assets | $ | 1,504,175 |

See Notes to the Financial Statements

## MapLight

### Statement of Activities
### For the Year Ended June 30, 2013

| | Unrestricted | Temporarily Restricted | Total |
|---|---|---|---|
| **Support and Revenue** | | | |
| Foundation and corporate grants | $ 569,750 | $ 1,505,000 | $ 2,074,750 |
| Donations | 22,955 | | 22,955 |
| Interest | 1,040 | | 1,040 |
| Other income | 2,071 | | 2,071 |
| Total assets released from donor restrictions: (Note 6) | 782,860 | (782,860) | - |
| Total Support and Revenue | 1,378,676 | 722,140 | 2,100,816 |
| **Expenses** | | | |
| Program | 796,868 | | 796,868 |
| General and administrative | 152,326 | | 152,326 |
| Fundraising | 205,273 | | 205,273 |
| Total Expenses | 1,154,467 | - | 1,154,467 |
| Change in net assets | 224,209 | 722,140 | 946,349 |
| Net Assets, beginning of year | 422,688 | 67,000 | 489,688 |
| Net assets, end of year | $ 646,897 | $ 789,140 | $ 1,436,037 |

**MapLight**

**Statement of Cash Flows**
**For the Year Ended June 30, 2013**

| | |
|---|---|
| **Cash flows from operating activities:** | |
| Change in net assets | $ 946,349 |
| Adjustments to reconcile change in net assets to cash (used) provided by operating activities: | |
| Depreciation | 4,610 |
| Changes in assets and liabilities: | |
| Grants receivable | (690,000) |
| Prepaid expenses | 10,368 |
| Accounts payable and accrued expenses | 788 |
| Accrued vacation | 42,567 |
| Net cash provided by operating activities | 314,682 |
| **Cash flows from investing activities:** | |
| Equipment purchases | (16,513) |
| Net cash used by investing activities | (16,513) |
| Change in cash and cash equivalents | 298,169 |
| Cash and cash equivalents, beginning of year | 466,283 |
| Cash and cash equivalents, end of year | $ 764,452 |

See Notes to the Financial Statements

## MapLight

### Statement of Functional Expenses
### For the Year Ended June 30, 2013

| | Program | General and Administrative | Fundraising | Total |
|---|---|---|---|---|
| Salaries | $ 512,106 | $ 87,464 | $ 145,416 | $ 744,986 |
| Employee benefits | 62,223 | 7,932 | 18,036 | 88,191 |
| Payroll taxes | 37,401 | 5,962 | 10,841 | 54,204 |
| Total personnel | 611,730 | 101,358 | 174,293 | 887,381 |
| Legal | - | 3,883 | - | 3,883 |
| Accounting fees | - | 7,458 | - | 7,458 |
| Other fees for service | 92,974 | 2,750 | 3,957 | 99,681 |
| Advertising and promotion | - | 5,383 | - | 5,383 |
| Supplies | 23,183 | 4,933 | 2,330 | 30,446 |
| Telephone | 3,948 | 733 | 959 | 5,640 |
| Postage and shipping | - | 1,547 | 1,722 | 3,269 |
| Information technology | 8,900 | 873 | 634 | 10,407 |
| Bank fees | - | 1,488 | - | 1,488 |
| Copy and printing | 61 | 315 | 1,668 | 2,044 |
| Occupancy | 32,187 | 5,834 | 7,817 | 45,838 |
| Travel and meals | 9,349 | 5,475 | 4,928 | 19,752 |
| Conferences, conventions, meetings | 4,929 | 6,561 | 4,610 | 16,100 |
| Insurance | 5,703 | 1,059 | 1,385 | 8,147 |
| Dues, licenses, service fees | - | 1,076 | - | 1,076 |
| Depreciation | 3,227 | 599 | 784 | 4,610 |
| Publications | 677 | 1,001 | 186 | 1,864 |
| Total expenses | $ 796,868 | $ 152,326 | $ 205,273 | $ 1,154,467 |

## NOTE 1: NATURE OF ACTIVITIES

MapLight (the Organization), a California nonprofit public benefit organization, was founded in 2005 in order to reveal the influence of money on politics, with the goal of getting special-interest influence out of our political system.

The Organization pursues its mission by connecting data on campaign contributions, politicians, legislative votes, industries, companies, and more to identify connections between the money coming into our political system and the votes coming out. MapLight provides this data, as well as online money-and-politics research tools, to journalists and the public to make the impact of our money-dominated political system tangible and concrete by connecting it to the issues that affect people's everyday lives.

## NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

### Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

### Basis of Presentation

The Organization presents information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The three classes are differentiated by donor restrictions.

*Unrestricted net assets* – consist of resources which have not been specifically restricted by a donor. Unrestricted net assets may be designated for specific purposes by the Organization or may be limited by contractual agreements with outside parties.

*Temporarily restricted net assets* – represent contributions whose use is limited by donor-imposed stipulations that expire by the passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations.

*Permanently restricted net assets* – represent contributions whose use is limited by donor-imposed stipulations that require the gift to be invested in perpetuity. The income from such invested assets, including realized and unrealized gains, is generally available to support the activities of the Organization. Donors may also restrict all or part of the income and/or appreciation from these investments to permanently restricted net assets, resulting in increases/decreases to these net assets. There were no permanently restricted net assets as of June 30, 2013.

### Contributions

Contributions, including unconditional promises to give, are recognized as revenues in the period the promise is received. Conditional promises to give are not recognized until they become unconditional; that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value at the date of contribution. Contributions to be received after one year are discounted at an appropriate rate commensurate with the risks involved. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

Unrestricted contributions and grants are recorded as unrestricted revenue when received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

**Grants Receivable**

The Organization considers all grants receivable to be fully collectible at June 30, 2013. Accordingly, no allowance for doubtful accounts was deemed necessary. If amounts become uncollectible, they are charged to expense in the period in which that determination is made.

**Income Taxes**

The Internal Revenue Service and the California Franchise Tax Board have determined that the Organization is exempt from federal and state income taxes under Internal Revenue Code Section 501 (c) (3) and the California Revenue and Taxation Code Section 23701(d). The Organization has evaluated its current tax positions as of June 30, 2013 and is not aware of any significant uncertain tax positions for which a reserve would be necessary. The Organization's tax returns are generally subject to examination by federal and state taxing authorities for three and four years, respectively after they are filed.

**Contributed Services**

Contributed services are reflected in the financial statements at the fair value of the services received only if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. There were no contributed services during the year ended June 30, 2013.

**Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

**Cash Equivalents**

For purposes of the statement of cash flows, the Organization considers all money market funds and other highly liquid investments with original maturities of three months or less when purchased to be cash equivalents.

**Fair Value Measurements**

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Organization determines the fair values of its assets and liabilities based on a fair value hierarchy that includes three levels of inputs that may be used to measure fair value.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date. An active market is a market in which transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 inputs are inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the assets or liability. Unobservable inputs reflect the Organization's own assumptions about the assumptions market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the Organization's own data.

The Organization had no assets or liabilities recorded at fair value on June 30, 2013.

**Concentration of Credit Risk**

At times, the Organization may have deposits in excess of federally insured limits. The risk is managed by maintaining all deposits in high quality financial institutions.

**Property and Equipment**

Property and equipment purchased by the Organization is recorded at cost. The Organization capitalizes all expenditures for property and equipment over $1,000; the fair value of donated fixed assets is similarly capitalized. Depreciation is computed using the straight-line method over the estimated useful lives on the property and equipment or the related lease terms as follows:

| | |
|---|---|
| Furniture and equipment | 3 - 5 years |
| Leasehold improvements | 5 years |

Expenditures for major renewals and betterments that extend the useful lives of the property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

Management reviews long-lived assets for impairment when circumstances indicate the carrying amount of the asset may not be recoverable. Impairment is recognized if the sum of the undiscounted estimated future cash flows expected to result from the use of the asset is less than the carrying value. When an impairment loss is recognized, the asset's carrying value is reduced to its estimated fair value.

### Functional Allocation of Expenses

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

### Subsequent Events

The Organization has evaluated subsequent events and has concluded that as of January 14, 2014 the date that the financial statements were available to be issued, there were no significant subsequent events to disclose.

## NOTE 3: PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30, 2013:

| | |
|---|---|
| Furniture and equipment | $ 25,349 |
| Leasehold improvements | 8,729 |
| less accumulated depreciation | ( 12,093) |
| Total | $ 21,985 |

## NOTE 4: COMMITMENTS

### Operating Leases

The Organization is party to a lease for office space in Berkeley which expires in April, 2016. At June 30, 2013, future minimum operating lease payments were as follows for the years ending June 30:

| | |
|---|---|
| 2014 | $ 38,400 |
| 2015 | 38,400 |
| 2016 | 38,400 |
| 2017 | 32,000 |
| Total | $ 147,200 |

Rent for the year ended June 30, 2013 was $36,963.

## NOTE 5: CONTINGENCIES

Grant awards require the fulfillment of certain conditions as set forth in the instrument of grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. The Organization deems this contingency remote since by accepting the grants and their terms, it has accommodated the objectives of the Organization to the provisions of the grants. The Organization's management is of the opinion that the Organization has complied with the terms of all grants.

## NOTE 6: TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets were available as follows as of June 30, 2013:

| | |
|---|---|
| Voters' Edge | $ 429,140 |
| US Congress | 60,000 |
| Future periods | 300,000 |
| Total | $ 789,140 |

Temporarily restricted net assets were released from donor restriction by incurring expenses satisfying the purposes specified by donors as follows during the year ended June 30, 2013:

| | |
|---|---|
| Voters' Edge | $ 467,860 |
| US Congress | 15,000 |
| Expiration of time restrictions | 300,000 |
| Total | $ 782,860 |