

OUR REVOLUTION

Washington, DC

Financial Statements

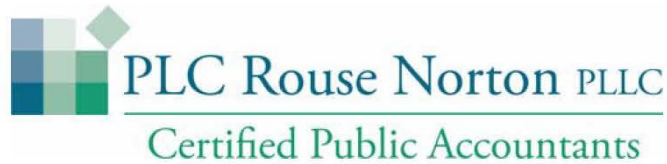
Years Ended December 31, 2018 and 2017



OUR
REVOLUTION

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Years Ended December 31, 2018 and 2017
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Our Revolution

We have audited the accompanying financial statements of Our Revolution (a Washington D.C. nonprofit organization), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, cash flows, and functional expenses for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 Our Revolution as of December 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

PLC Rouse Norton, PLLC

October 25, 2019



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Our Revolution
Statement of Financial Position
December 31, 2018 and 2017

EXHIBIT A

<u>ASSETS</u>		
	<u>2018</u>	<u>2017</u>
Current Assets		
Cash and cash equivalents	\$ 1,218,965	\$ 1,892,918
Refunds receivable	5,345	5,085
Due from Sanders Institute	-	101,774
Prepaid expenses	23,657	45,000
Inventory	14,037	10,922
	<u>1,262,004</u>	<u>2,055,699</u>
Other Assets		
Lease deposit	10,500	10,500
	<u>10,500</u>	<u>10,500</u>
	<u>\$ 1,272,504</u>	<u>\$ 2,066,199</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities		
Accounts payable	\$ 92,646	\$ 191,057
Sales tax payable	10	1
	<u>92,656</u>	<u>191,058</u>
Net Assets		
Without donor-imposed restrictions	1,179,848	1,875,141
	<u>1,179,848</u>	<u>1,875,141</u>
	<u>\$ 1,272,504</u>	<u>\$ 2,066,199</u>

See accompanying notes to financial statements.

Our Revolution
Statements of Activities
Years Ended December 31, 2018 and 2017

EXHIBIT B

	2018 Without Restrictions	2017 Without Restrictions
Support and Revenue		
Contributions	\$ 2,648,998	\$ 3,447,515
Merchandise sales, net of refunds	25,496	21,221
Total Support and Revenue	<u>2,674,494</u>	<u>3,468,736</u>
Expenses		
Program services	2,688,143	2,584,863
Management and general	396,119	340,054
Fundraising	286,588	263,275
Total Expenses	<u>3,370,850</u>	<u>3,188,192</u>
Other Income		
Interest income	1,063	-
Total Other Income	<u>1,063</u>	<u>-</u>
Change in net assets	(695,293)	280,544
Net Assets at Beginning of Year	<u>1,875,141</u>	<u>1,594,597</u>
Net Assets at End of Year	<u>\$ 1,179,848</u>	<u>\$ 1,875,141</u>

See accompanying notes to financial statements.

Our Revolution
Statement of Cash Flows
Years Ended December 31, 2018 and 2017

EXHIBIT C

	<u>2018</u>	<u>2017</u>
Cash Flows From Operating Activities		
Cash received from contributors	\$2,648,998	\$ 3,447,515
Merchandise sales	25,496	21,221
Interest income	1,063	-
	<u>2,675,557</u>	<u>3,468,736</u>
Cash paid to suppliers	(1,709,536)	(1,794,562)
Cash paid for salaries and benefits	(1,636,895)	(1,263,235)
Cash paid for insurance	(3,079)	(7,531)
	<u>(3,349,510)</u>	<u>(3,065,328)</u>
Net cash provided (used) by operating activities	<u>(673,953)</u>	<u>403,408</u>
Net increase (decrease) in cash	(673,953)	403,408
Cash at beginning of year	<u>1,892,918</u>	<u>1,489,510</u>
Cash at end of year	<u>\$1,218,965</u>	<u>\$ 1,892,918</u>
Reconciliation of Change in Net Assets to Net Cash Provided by Operating Activities		
Change in net assets	<u>\$ (695,293)</u>	<u>\$ 280,544</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
(Increase) Decrease in refunds receivable	(260)	54,179
(Increase) Decrease in related party receivable	101,774	(56,757)
Increase (Decrease) in accounts payable	(98,411)	181,363
Increase in sales tax payable	9	1
(Increase) Decrease in prepaid expenses	21,343	(45,000)
Increase in inventory	(3,115)	(10,922)
Total adjustments	<u>21,340</u>	<u>122,864</u>
Net cash provided (used) by operating activities	<u>\$ (673,953)</u>	<u>\$ 403,408</u>

See accompanying notes to financial statements.

Our Revolution
Statement of Functional Expenses
Year Ended December 31, 2018

EXHIBIT D

	Program Service Expenses	Management and General	Fundraising	Total
Salaries and wages	\$ 1,101,078	\$ 282,051	\$ 45,002	\$ 1,428,131
Bank fees	1,247	262	90,876	92,385
Professional fees	176,312	37,018	13,649	226,979
Payroll taxes	92,560	19,434	2,966	114,960
Employee benefits	75,526	15,858	2,420	93,804
Conferences, conventions, and meetings	74,875	-	-	74,875
Rent and utilities	76,040	15,965	2,437	94,442
Advocacy	229,474	-	33,240	262,714
Digital messaging	106,250	-	54,528	160,778
Research and data management	51,700	-	-	51,700
Printing and postage	15,715	314	48	16,077
Supplies	21,618	4,537	693	26,848
Information technology	146,602	17,977	13,506	178,085
Online store	-	-	23,108	23,108
Advertising	650	137	21	808
Communications	109,883	-	-	109,883
Insurance	2,479	521	79	3,079
Travel	100,999	-	3,702	104,701
Telephone and internet	304,493	1,910	292	306,695
Miscellaneous	642	135	21	798
	<u>\$ 2,688,143</u>	<u>\$ 396,119</u>	<u>\$ 286,588</u>	<u>\$ 3,370,850</u>

See accompanying notes to financial statements.

Our Revolution
Statement of Functional Expenses
Year Ended December 31, 2017

EXHIBIT D

	Program Service Expenses	Management and General	Fundraising	Total
Salaries and wages	\$ 820,615	\$ 237,938	\$ 40,022	\$ 1,098,575
Bank fees	6,208	1,289	128,074	135,571
Professional fees	107,032	22,215	2,482	131,729
Payroll taxes	74,830	15,530	1,735	92,095
Employee benefits	58,961	12,237	1,367	72,565
Conferences, conventions, and meetings	145,687	-	-	145,687
Rent and utilities	63,622	13,204	1,476	78,302
Advocacy	489,344	-	-	489,344
Digital messaging	205,543	-	52,090	257,633
Research and data management	46,998	-	-	46,998
Printing and postage	55,668	2,287	256	58,211
Supplies	9,743	2,022	226	11,991
Information technology	176,343	28,814	9,839	214,996
Online store	-	-	25,204	25,204
Advertising	1,737	361	40	2,138
Communications	98,230	-	-	98,230
Insurance	6,119	1,270	142	7,531
Travel	68,460	-	-	68,460
Telephone and internet	148,910	2,718	304	151,932
Miscellaneous	813	169	19	1,001
	<u>\$ 2,584,863</u>	<u>\$ 340,054</u>	<u>\$ 263,275</u>	<u>\$ 3,188,192</u>

See accompanying notes to financial statements.

Our Revolution
Notes to Financial Statements
Years Ended December 31, 2018 and 2017

NOTE 1 - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ORGANIZATION - Our Revolution was incorporated on July 15, 2016, under the laws of the District of Columbia. The Organization seeks to transform American politics to make our political and economic systems once again responsive to the needs of working families through supporting a new generation of progressive leaders and empowering millions to fight for progressive change. The Organization's three goals are to revitalize American democracy by engaging more Americans in the political process, empower progressive leaders to run for office at all levels of government, and elevate the political consciousness by educating the public about pressing issues confronting the nation.

PROGRAMS - Programs of Our Revolution are as follows:

Revitalizing American Democracy is a program that aims to educate individuals on issue campaigns and ballot initiatives including voter registration, healthcare, voting rights, and the environment.

Empowering Progressive Leaders is a program that researches and endorses candidates running for elected offices at all levels of government. The Organization organizes for candidates through traditional media, social media, Get Out The Vote campaigns, and events.

BASIS OF PRESENTATION - The financial statement presentation follows the recommendations of the Financial Standards Board in its Accounting Standards Codification 958-205, Financial Statements of Not-for-Profit organizations. Under ASC 958-205, the organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor-imposed restrictions, and net assets without donor-imposed restrictions.

Net assets without donor-imposed restrictions are net assets available for use in general operations and are not subject to purpose- or time-related restrictions imposed by the original donor or grantor.

Net assets with donor-imposed restrictions are net assets that result from the receipt of donations or grants that have been restricted by the donor or grantor. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or the occurrence of events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that the resources be maintained in perpetuity. Donor-imposed restrictions are released when the conditions are met; that is, when the specified time has elapsed or the specified purpose has been fulfilled, or both. At December 31, 2018 and 2017, the Organization did not have any net assets with donor-imposed restrictions.

BASIS OF ACCOUNTING - The accompanying financial statements of Our Revolution have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States.

ESTIMATES - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

CONTRIBUTIONS - All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specified purposes are reported as net assets with donor-imposed restrictions. When restrictions expire, net assets with donor-imposed restrictions are reclassified to net assets without donor-imposed restrictions and reported in the statement of activities as net assets released from restrictions. Contributions received with restrictions that are met in the same reporting period are reported as unrestricted support and increase net assets without donor-imposed restrictions.

Our Revolution
Notes to Financial Statements
Years Ended December 31, 2018 and 2017

NOTE 1 - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

CONTRIBUTIONS RECEIVABLE - Unconditional promises to give that are expected to be collected within one year are recorded as contributions receivable at net realizable value. Contributions that are restricted by the donor are reported as increases in net assets without donor-imposed restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor-imposed restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. Contributions receivable are considered fully collectible; accordingly, no allowance for doubtful accounts is required.

CASH AND CASH EQUIVALENTS - For purposes of the Statement of Cash Flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

INVENTORY - Inventory is stated at the lower of cost or market.

COMPENSATED ABSENCES - Employees of the Organization are entitled to paid vacation, sick, and personal days, depending on job classification, length of service, and other factors. It is impractical to estimate the amount of compensation for future absences and, accordingly, no liability has been recorded in the accompanying financial statement. The Organization's policy is to recognize the costs of compensated absences when actually paid to employees.

INCOME TAXES - Our Revolution is exempt from Federal income taxes under Section 501(c)(4) of the Internal Revenue Code.

PROPERTY AND EQUIPMENT - The cost of property and equipment in excess of \$5,000 is recorded at cost when purchased and fair value when donated. Major additions or betterments are charged to the property accounts while replacements, maintenance and repairs are generally charged to expense as incurred.

The Organization's policy regarding donated assets is to capitalize and depreciate them using the straight-line method. Accordingly, donated assets are initially recorded as contribution revenue with a corresponding entry to the fixed asset on the statement of financial position.

ADVERTISING - The Organization expenses advertising as incurred. Advertising expense for the years ended December 31, 2018 and 2017 totaled \$808 and \$2,138, respectively .

FUNCTIONAL EXPENSES - Expenses are charged directly to program or management in general categories based on specific identification. Indirect expenses have been allocated based on analysis of personnel time and space utilized for the related activity.

NOTE 2 - CONCENTRATION OF CREDIT RISK

Cash is a financial instrument which potentially subjects the Organization to a concentration of credit risk. At times cash balances in these accounts exceed federally insured limits. At December 31, 2018 the Organization exceeded federally insured limits by \$976,247.

NOTE 3 - OPERATING LEASE COMMITMENTS

On December 31, 2018, Our Revolution was obligated under the following leases:

Office space in Washington, DC is leased with monthly payments of \$5,250 per month, escalating by 3% each year of the lease term. The lease term ends July 31, 2019. In August of 2018, the space was subleased to Friends of Bernie Sanders, Inc., with rents directly payable to the original lessor.

Office space in Washington, DC is leased with monthly payments of \$3,500 per month. The lease is month-to-month until either party decides to cancel.

Our Revolution's rent expense for the years ended December 31, 2018 and 2017 was \$72,853 and \$63,788, respectively.

Our Revolution
Notes to Financial Statements
Years Ended December 31, 2018 and 2017

NOTE 4 - NET ASSETS

Net assets without donor-imposed restrictions consisted of the following at December 31, 2018 and 2017:

	2018	2017
Undesignated and available for operations	\$ 1,179,848	\$ 1,875,141
	\$ 1,179,848	\$ 1,875,141

NOTE 5 - INCOME TAX UNCERTAINTY

The Organization's Form 990 is not currently under examination by the Internal Revenue Service. The Foundation's taxable years that are open for potential examination by the Internal Revenue Service are for the fiscal years ended December 31, 2018, 2017 and 2016. At this time, management does not expect to owe any taxes, interest or penalties on uncertain tax positions.

NOTE 6 - RECLASSIFICATION

Certain prior year amounts have been reclassified for consistency with the current year presentation as a result of the application of ASU 2016-14, *Not-For-Profit Entities: Presentation of Financial Statements*. These reclassifications had no effect on the reported results of operations, total assets, liabilities, or net assets.

NOTE 7 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

Our Revolution has \$1,224,310 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures consisting of cash of \$1,218,965 and refunds receivable of \$5,345. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date.

The Organization has a goal to maintain financial assets, which consist of cash in checking and money market accounts and inventory, on hand to meet six months of normal operating expenses, which are, on average, approximately \$1,640,000. The Organization undertakes a formal budgeting process each year to provide guidance for income and expenditure levels for the upcoming year to ensure that the Organization's cash needs will continue to be met. The Organization believes that six months of operating reserves, when considered along with normal cash inflows from contributions and merchandise sales, will be sufficient to meet cash needs expected to arise within one year of the financial statement date.

NOTE 8 - SUBSEQUENT EVENTS

The Organization has evaluated events and transactions that occurred between December 31, 2018 and October 25, 2019, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

In May of 2019, a civil action was undertaken against Our Revolution as a result of an employment dispute. The amount of monetary relief sought by the plaintiff was unspecified, and as of the reporting date the Organization's attorneys do not believe that it is possible to evaluate the likelihood of an unfavorable outcome nor estimate the amount of a potential loss in the event of such an outcome.