

Audited Consolidated Financial Statements

COUNCIL FOR A LIVABLE WORLD & AFFILIATE

December 31, 2014

<i>Independent Auditor's Report on the Consolidated Financial Statements</i>	1
<i>Financial Statements</i>	
Consolidated statement of financial position	2
Consolidated statement of activities	3
Consolidated statement of functional expense	4
Consolidated statement of cash flows	5
Notes to the consolidated financial statements	6 - 7

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Independent Auditor's Report on the Consolidated Financial Statements

To the Board of Directors
Council for a Livable World & Affiliate

We have audited the accompanying consolidated financial statements of Council for a Livable World & Affiliate (the Organization) which comprise the consolidated statement of financial position as of December 31, 2014, and the related consolidated statements of activities, functional expense, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Council for a Livable World & Affiliate as of December 31, 2014, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Washington, DC
April 25, 2016

Council for a Livable World & Affiliate
Consolidated Statement of Financial Position
December 31, 2014

Assets		
Cash and cash equivalents	\$	131,293
Cash and cash equivalents - Political Action Committee		41,662
Prepaid expenses		4,156
Receivables		9,272
Furniture and equipment, net		-
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Total assets	\$	186,383
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Liabilities and net assets		
Accounts payable and accrued expenses	\$	9,540
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Total liabilities		9,540
Net assets		
Unrestricted		131,553
Temporarily restricted		45,290
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Total net assets		176,843
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Total liabilities and net assets	\$	186,383
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Council for a Livable World & Affiliate

Consolidated Statement of Activities

Year Ended December 31, 2014

Unrestricted activities

Revenue		
Contributions	\$	322,826
Grant income		70,000
Special events		36,050
Bequest		20,200
List rental income		3,857
Other income and interest		6,010
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Total revenue		458,943
Expenses		
Salaries and benefits		199,341
Consultant and professional fees		58,943
Rent		28,913
Office and other expense		27,861
Travel, entertainment and special events		20,380
Bank and credit card fees		14,172
Postage and delivery		13,956
Printing and copying		12,462
Advertising and promotion		9,272
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Total expenses		385,300
Change in net assets before Candidate Fund activities		73,643
Candidate Fund contributions revenue		158,057
Candidate Fund contributions and administrative expenses		(134,297)
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Change in unrestricted net assets		97,403
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Temporarily restricted activities		
Contributions revenue		45,290
Net assets released from restrictions		-
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Change in temporarily restricted net assets		45,290
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Change in net assets		142,693
Net assets, beginning of year		34,150
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Net assets, end of year	\$	176,843

See notes to the financial statements.

Council for a Livable World & Affiliate
Consolidated Statement of Functional Expense
Year Ended December 31, 2014

	Program Services	General and Administrative	Fundraising	Total
Salaries and benefits	\$ 74,747	\$ 71,586	\$ 53,009	\$ 199,341
Consultant and professional fees	47,329	11,614	-	58,943
Rent	10,841	10,383	7,689	28,913
Office and other expense	10,447	10,005	7,409	27,861
Travel, entertainment & special events	20,380	-	-	20,380
Bank and credit card fees	5,314	5,089	3,769	14,172
Postage and delivery	5,233	5,012	3,711	13,956
Printing and copying	4,673	4,475	3,314	12,462
Advertising and promotion	9,272	-	-	9,272
Candidate Fund expenses	100,812	33,485	-	134,297
Total	\$ 289,048	\$ 151,649	\$ 78,900	\$ 519,597

See notes to the financial statements.

Council for a Livable World & Affiliate

Consolidated Statement of Cash Flows

Year Ended December 31, 2014

Cash flows from operating activities

Change in net assets	\$ 142,693
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Changes in assets and liabilities:	
Prepaid expenses	7,591
Receivables	(6,522)
Accounts payable and accrued expenses	881
Total adjustments	1,950
Net cash provided by operating activities	144,643
Net increase in cash and cash equivalents	144,643
Cash and cash equivalents, beginning of year	28,312
Cash and cash equivalents, end of year	\$ 172,955

Council for a Livable World & Affiliate

Notes to the Consolidated Financial Statements

A. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization: The Council for a Livable World (CLW) is a voluntary, non-profit organization. CLW promotes policies to reduce and eventually eliminate nuclear weapons and to minimize the risk of war through lobbying and by helping elect and support Members of Congress who share its goals.

During 2003, CLW established the Council for a Livable World Candidate Fund (the Fund). The Fund was established as a political action committee, under Section 527 of the Internal Revenue Code. Contributions to the Fund totaled \$158,057 and \$52,046 for the years ended December 31, 2014 and 2013, respectively.

Principles of consolidation: The consolidated financial statements include the accounts of CLW and the Fund. Significant intra-entity accounts and transactions have been eliminated in consolidation.

Basis of accounting: The consolidated financial statements are prepared on the accrual basis of accounting. As such, revenue is recognized when earned and expenses are recognized when the underlying obligations are incurred.

Income tax status: CLW is exempt from Federal income taxes under Section 501(c)(4) of the Internal Revenue Code. The Fund is exempt from Federal income taxes on its exempt activities under Section 527 of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements.

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results could differ from those estimates.

Cash and cash equivalents: For financial statement purposes, CLW and the Fund consider all cash and other highly liquid investments with a maturity of three months or less to be cash equivalents.

Furniture and equipment: Furniture and equipment are recorded at cost and depreciation is calculated using the straight-line method over the estimated useful lives of the related assets. As of December 31, 2014, all furniture and equipment had been fully depreciated and is presented net of accumulated depreciation of \$51,166.

Net assets: Unrestricted net assets include unrestricted revenue and contributions received without donor-imposed restrictions. These net assets are available for the operation of CLW and the Fund. CLW also holds temporarily restricted net assets that consist of unexpended contributions for the Pentagon Budget Campaign project.

Council for a Livable World & Affiliate

Notes to the Consolidated Financial Statements

A. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Contributions and grants: Contributions and grants are recorded as revenue in the year notification is received from the donor.

Political candidate campaign contributions: The Fund's activities generate campaign contributions from individuals that are made out directly to specific candidates' campaign committees. The Fund receives the campaign contributions (via credit cards and checks) and transmits them to the candidates on behalf of the donors. As the Fund merely acts as a financial agent for these campaign contributions, they are not included within the Fund's revenue or expense. During 2014, the Fund received \$1,351,470 of candidate campaign contributions which were then remitted to the specified campaigns.

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

Subsequent events: Subsequent events have been evaluated through April 25, 2016, which is the date the financial statements were available to be issued.

B. CONCENTRATIONS

Credit risk: CLW and the Fund maintain demand deposits with commercial banks and money market funds with financial institutions. At times, certain balances held within these accounts may not be fully guaranteed or insured by the U.S. federal government. The uninsured portions of cash and money market accounts are backed solely by the assets of the underlying institution. As such, the failure of an underlying institution could result in financial loss.

C. RELATED PARTY

CLW and the Center for Arms Control and Non-Proliferation (CACNP) have one common Board member. CLW and CACNP share staff and office space. CLW has entered into an annual lease agreement with CACNP for office space. Amounts paid under this lease for 2014 were \$28,913. As of December 31, 2014, CACNP owed CLW a net amount of \$3,552 for expense reimbursements.