

Audited Consolidated Financial Statements

COUNCIL FOR A LIVABLE WORLD & AFFILIATE

December 31, 2015

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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 statements of financial position as of December 31, 2015 and 2014, and the related consolidated statements of activities, functional expense, and cash flows for the years 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 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 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, 2015 and 2014, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Washington, DC
September 21, 2016

Council for a Livable World & Affiliate
Consolidated Statements of Financial Position

December 31,	2015	2014
Assets		
Cash and cash equivalents	\$ 301,314	\$ 131,293
Cash and cash equivalents - Political Action Committee	85,753	41,662
Prepaid expenses	12,516	4,156
Receivables	4,701	9,272
Furniture and equipment, net	13,859	-
Total assets	\$ 418,143	\$ 186,383
Liabilities and net assets		
Accounts payable and accrued expenses	\$ 83,339	\$ 9,540
Total liabilities	83,339	9,540
Net assets		
Unrestricted	111,904	131,553
Temporarily restricted	222,900	45,290
Total net assets	334,804	176,843
Total liabilities and net assets	\$ 418,143	\$ 186,383

Council for a Livable World & Affiliate

Consolidated Statements of Activities

<i>Year Ended December 31,</i>	2015	2014
Unrestricted activities		
Revenue		
Contributions	\$ 238,051	\$ 322,826
Grant income	109,800	70,000
Special events	18,384	36,050
List rental income	713	3,857
Other income and interest	45	6,010
Bequest	-	20,200
Net assets released from restrictions	43,450	-
Total unrestricted revenue	410,443	458,943
Expenses		
Salaries and benefits	247,697	199,341
Office and other expense	53,290	27,861
Grant expense	43,450	-
Advertising and promotion	33,431	9,272
Consultant and professional fees	30,061	58,943
Rent	28,913	28,913
Bank and credit card fees	9,567	14,172
Travel, entertainment and special events	3,595	20,380
Depreciation	1,838	-
Postage and delivery	313	13,956
Printing and copying	-	12,462
Total expenses	452,155	385,300
Change in net assets before Candidate Fund activities	(41,712)	73,643
Candidate Fund contributions revenue	22,063	158,057
Candidate Fund contributions and administrative expenses	-	(134,297)
Change in unrestricted net assets	(19,649)	97,403
Temporarily restricted activities		
Contributions	221,060	45,290
Net assets released from restrictions	(43,450)	-
Change in temporarily restricted net assets	177,610	45,290
Change in net assets	157,961	142,693
Net assets, beginning of year	176,843	34,150
Net assets, end of year	\$ 334,804	\$ 176,843

See notes to the financial statements.

Council for a Livable World & Affiliate
Consolidated Statement of Functional Expense
Year Ended December 31, 2015

	Program Services	General and Administrative	Fundraising	Total
Salaries and benefits	\$ 146,141	\$ 79,263	\$ 22,293	\$ 247,697
Office and other expense	31,441	17,053	4,796	53,290
Grant expense	25,636	13,904	3,911	43,450
Advertising and promotion	19,724	10,698	3,009	33,431
Consultant and professional fees	17,736	9,620	2,705	30,061
Rent	17,059	9,252	2,602	28,913
Bank and credit card fees	5,645	3,061	861	9,567
Travel, entertainment and special events	2,121	1,150	324	3,595
Depreciation	1,084	588	165	1,838
Postage and delivery	185	100	28	313
Total	\$ 266,771	\$ 144,690	\$ 40,694	\$ 452,155

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	\$ 199,342
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	3,710	13,955
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

Council for a Livable World & Affiliate

Consolidated Statements of Cash Flows

<i>Year Ended December 31,</i>	2015	2014
Cash flows from operating activities		
Change in net assets	\$ 157,961	\$ 142,693
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,838	-
Changes in assets and liabilities:		
Prepaid expenses	(8,360)	7,591
Receivables	4,571	(6,522)
Accounts payable and accrued expenses	73,799	881
Total adjustments	71,848	1,950
Net cash provided by operating activities	229,809	144,643
Cash flows from investing activities		
Purchases of property and equipment	(15,697)	-
Net cash used in investing activities	(15,697)	-
Net increase in cash and cash equivalents	214,112	144,643
Cash and cash equivalents, beginning of year	172,955	28,312
Cash and cash equivalents, end of year	\$ 387,067	\$ 172,955

See notes to the financial statements.

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 \$22,063 and \$158,057 for the years ended December 31, 2015 and 2014, 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.

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 as well as other project grants.

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

Council for a Livable World & Affiliate

Notes to the Consolidated Financial Statements

A. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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 the years ended December 31, 2015 and 2014, the Fund received \$234,303 and \$1,351,470, respectively, 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 September 21, 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 the years ended December 31, 2015 and 2014 were \$28,913. As of December 31, 2015, CLW owed CACNP a net amount of \$40,616 for expense reimbursements. As of December 31, 2014, CACNP owed CLW a net amount of \$3,552 for expense reimbursements.