

**Audited Consolidated Financial Statements**

**COUNCIL FOR A LIVABLE WORLD & AFFILIATE**

***December 31, 2016***

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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, 2016 and 2015, 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, 2016 and 2015, 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  
June 19, 2017

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

<b>December 31,</b>	<b>2016</b>	<b>2015</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 324,404	\$ 301,314
Cash and cash equivalents - Political Action Committee	68,637	85,753
Prepaid expenses	9,322	12,516
Receivables	3,197	4,701
Furniture and equipment, net	10,720	13,859
<b>Total assets</b>	<b>\$ 416,280</b>	<b>\$ 418,143</b>
<b>Liabilities and net assets</b>		
Accounts payable and accrued expenses	\$ 32,718	\$ 42,723
Due to CACNP	77,831	40,616
Total liabilities	110,549	83,339
Net assets		
Unrestricted	135,858	111,904
Temporarily restricted	169,873	222,900
Total net assets	305,731	334,804
<b>Total liabilities and net assets</b>	<b>\$ 416,280</b>	<b>\$ 418,143</b>

See notes to the consolidated financial statements.

# Council for a Livable World & Affiliate

## Consolidated Statements of Activities

<i>Year Ended December 31,</i>	2016	2015
<b>Unrestricted activities</b>		
Revenue		
Contributions	\$ 326,747	\$ 238,051
Other income and interest	15,629	45
Bequest	10,000	-
Special events	9,600	18,384
List rental income	-	713
Grant income	-	109,800
Net assets released from restrictions	133,027	43,450
Total unrestricted revenue	495,003	410,443
Expenses		
Salaries and benefits	219,074	247,697
Consultant and professional fees	64,021	30,061
Office and other expense	40,930	53,290
Grant expense	40,000	43,450
Advertising and promotion	38,872	33,431
Rent	28,813	28,913
Bank and credit card fees	15,105	9,567
Dues and subscriptions	7,538	-
Depreciation	3,139	1,838
Postage and delivery	2,330	313
Travel, entertainment and special events	945	3,595
Total expenses	460,767	452,155
Change in net assets before Candidate Fund activities	34,236	(41,712)
Candidate Fund contributions revenue	93,737	22,063
Candidate Fund contributions and administrative expenses	(104,019)	-
Change in unrestricted net assets	23,954	(19,649)
<b>Temporarily restricted activities</b>		
Contributions	80,000	221,060
Net assets released from restrictions	(133,027)	(43,450)
Change in temporarily restricted net assets	(53,027)	177,610
<b>Change in net assets</b>	<b>(29,073)</b>	<b>157,961</b>
Net assets, beginning of year	334,804	176,843
<b>Net assets, end of year</b>	<b>\$ 305,731</b>	<b>\$ 334,804</b>

See notes to the consolidated financial statements.

**Council for a Livable World & Affiliate**  
**Consolidated Statement of Functional Expense**  
**Year Ended December 31, 2016**

	<b>Program Services</b>	<b>General and Administrative</b>	<b>Fundraising</b>	<b>Total</b>
Salaries and benefits	\$ 129,254	\$ 70,104	\$ 19,717	\$ 219,074
Consultant and professional fees	37,772	20,487	5,762	64,021
Office and other expense	24,149	13,098	3,684	40,930
Advertising and promotion	22,934	12,439	3,498	38,872
Rent	17,000	9,220	2,593	28,813
Bank and credit card fees	8,912	4,834	1,359	15,105
Dues and subscriptions	4,447	2,412	678	7,538
Depreciation	1,852	1,005	283	3,139
Postage and delivery	1,375	746	210	2,330
Travel, entertainment and special events	558	302	85	945
<b>Total</b>	<b>\$ 248,252</b>	<b>\$ 134,646</b>	<b>\$ 37,869</b>	<b>\$ 420,767</b>

See notes to the consolidated financial statements.

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

	<b>Services</b>	<b>Administrative</b>	<b>Fundraising</b>	<b>Total</b>
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
<b>Total</b>	<b>\$ 266,771</b>	<b>\$ 144,690</b>	<b>\$ 40,694</b>	<b>\$ 452,155</b>

# Council for a Livable World & Affiliate

## Consolidated Statements of Cash Flows

<b><i>Year Ended December 31,</i></b>	<b>2016</b>	<b>2015</b>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ (29,073)	\$ 157,961
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	3,139	1,838
Changes in assets and liabilities:		
Prepaid expenses	3,194	(8,360)
Receivables	1,504	4,571
Accounts payable and accrued expenses	(10,005)	33,183
Due to CACNP	37,215	40,616
Total adjustments	<b>35,047</b>	<b>71,848</b>
Net cash provided by operating activities	<b>5,974</b>	<b>229,809</b>
<b>Cash flows from investing activities</b>		
Purchases of property and equipment	-	(15,697)
Net cash used in investing activities	-	(15,697)
<b>Net increase in cash and cash equivalents</b>	<b>5,974</b>	<b>214,112</b>
Cash and cash equivalents, beginning of year	<b>387,067</b>	<b>172,955</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 393,041</b>	<b>\$ 387,067</b>

See notes to the consolidated financial statements.



# Council for a Livable World & Affiliate

## Notes to the Consolidated Financial Statements

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### 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 \$93,737 and \$22,063 for the years ended December 31, 2016 and 2015, 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

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### 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, 2016 and 2015, the Fund received \$1,133,712 and \$234,303, 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 June 19, 2017, 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 each of the years ended December 31, 2016 and 2015 were \$28,813. As of December 31, 2016 and 2015, CLW owed CACNP a net amount of \$77,831 and \$40,616, respectively, for expense reimbursements.