

Audited Consolidated Financial Statements

COUNCIL FOR A LIVABLE WORLD & AFFILIATE

December 31, 2017

Council for a Livable World & Affiliate

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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, 2017, and the related consolidated statement 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 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, 2017, 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
July 24, 2018

Council for a Livable World & Affiliate
Consolidated Statement of Financial Position
December 31, 2017

Assets

Cash and cash equivalents	\$ 104,635
Cash and cash equivalents - Political Action Committee	47,745
Prepaid expenses	4,878
Receivables	27,732
Furniture and equipment, net	7,580

Total assets **\$ 192,570**

Liabilities and net assets

Accounts payable and accrued expenses	\$ 19,858
Due to CACNP	43,904

Total liabilities 63,762

Net assets

Unrestricted	27,135
Temporarily restricted	101,673

Total net assets 128,808

Total liabilities and net assets **\$ 192,570**

Council for a Livable World & Affiliate

Consolidated Statement of Activities

Year Ended December 31, 2017

Unrestricted activities

Revenue	
Contributions	\$ 305,488
Other income and interest	546
Net assets released from restrictions	148,200
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Total unrestricted revenue	454,234
Expenses	
Salaries and benefits	331,152
Consultant and professional fees	68,200
Advertising and promotion	52,137
Office and other expense	42,790
Rent	28,673
Bank and credit card fees	8,510
Dues and subscriptions	3,890
Depreciation	3,140
Office Supplies	1,897
Travel, entertainment and special events	1,357
Postage and delivery	967
Licensing and fees	720
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Total expenses	543,433
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Change in net assets before Candidate Fund activities	(89,199)
Candidate Fund contributions revenue	7,754
Candidate Fund contributions and administrative expenses	(27,278)
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Change in unrestricted net assets	(108,723)
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Temporarily restricted activities	
Contributions	80,000
Net assets released from restrictions	(148,200)
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Change in temporarily restricted net assets	(68,200)
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Change in net assets	(176,923)
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Net assets, January 1, 2017	305,731
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Net assets, December 31, 2017	\$ 128,808

Council for a Livable World & Affiliate
Consolidated Statement of Functional Expense
Year Ended December 31, 2017

	Program Services	General and Administrative	Fundraising	Total
Salaries and benefits	\$ 195,380	\$ 105,969	\$ 29,804	\$ 331,152
Consultant and professional fees	40,238	21,824	6,138	68,200
Advertising and promotion	30,761	16,684	4,692	52,137
Office and other expense	25,246	13,693	3,851	42,790
Rent	16,917	9,175	2,581	28,673
Bank and credit card fees	5,021	2,723	766	8,510
Dues and subscriptions	2,295	1,245	350	3,890
Depreciation	1,852	1,006	283	3,140
Office supplies	1,119	607	171	1,897
Travel, entertainment and special events	801	434	122	1,357
Postage and delivery	571	309	87	967
Licensing and fees	425	230	65	720
Total	\$ 320,624	\$ 173,900	\$ 48,909	\$ 543,433

See notes to the consolidated financial statements.

Council for a Livable World & Affiliate

Consolidated Statement of Cash Flows

Year Ended December 31, 2017

Cash flows from operating activities	
Change in net assets	\$ (176,923)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	3,140
Changes in assets and liabilities:	
Prepaid expenses	4,444
Receivables	(24,535)
Accounts payable and accrued expenses	(12,860)
Due to CACNP	(33,927)
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Total adjustments	(63,738)
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Net decrease in cash and cash equivalents	(240,661)
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Cash and cash equivalents, January 1, 2017	393,041
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Cash and cash equivalents, December 31, 2017	\$ 152,380

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 \$7,754 for the year ended December 31, 2017.

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 year ended December 31, 2017, the Fund received \$117,151 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 statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Subsequent events: Subsequent events have been evaluated through July 24, 2018, 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 year ended December 31, 2017 were \$28,673. As of December 31, 2017, CLW owed CACNP a net amount of \$43,904 for expense reimbursements.