



**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**



## **Independent Auditors' Report**

The Board of Directors  
Council for a Livable World and Affiliate  
Washington, DC

### **Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of Council for a Livable World and Affiliate, (CLW) which comprise the statement of financial position as of December 31, 2020 and the related statements of activities, functional expenses and cash flows for the year then ended and the related notes to the consolidated financial statements.

#### ***Management's Responsibility for the Consolidated 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 the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to CLW's preparation and fair presentation of the consolidated 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 CLW'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 consolidated financial statements.

---

**7625 Wisconsin Avenue, Suite 317 | Bethesda, Maryland 20814**

**202.770.6371**

**| www.mullinspc.com**

**| john@mullinspc.com**

The Board of Directors  
Council for a Livable World and Affiliate  
Washington, DC

**Report on the Consolidated financial statements (Continued)**

***Auditors' Responsibility (Continued)***

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 financial position of Council for a Livable World and Affiliate, as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.



Certified Public Accountants

Bethesda, Maryland  
December 7, 2021

**Council for a Livable World and Affiliate**  
**Consolidated Statement of Financial Position**  
**December 31, 2020**

<b>Assets</b>		<u><b>2020</b></u>
<b>Current Assets</b>		
Cash and Cash Equivalents	\$	<b>399,784</b>
Cash and Cash Equivalents - PAC		<b>88,348</b>
Contributions Receivable		<b>26,905</b>
Prepaid Expenses		<u><b>9,231</b></u>
<b>Total Current Assets</b>		<b>524,268</b>
<b>Property and Equipment, Net</b>		-
<b>Total Assets</b>	<b>\$</b>	<u><b>524,268</b></u>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts Payable	\$	<b>44,123</b>
Due To Center		<u><b>63,590</b></u>
Total Current Liabilities - Total Liabilities		<u><b>107,713</b></u>
<b>Net Assets</b>		
Without Donor Restrictions		<b>197,404</b>
With Donor Restrictions		<u><b>219,151</b></u>
Total Net Assets		<u><b>416,555</b></u>
<b>Total Liabilities and Net Assets</b>	<b>\$</b>	<u><b>524,268</b></u>

*See accompanying Notes to Financial Statements.*

**Council for a Livable World and Affiliate**

**Consolidated Statement of Activities  
For the Year Ended December 31, 2020**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	
<b>Support and Revenues</b>			
Contributions	\$ 240,768	\$ -	\$ <b>240,768</b>
Grants	151,150	200,000	<b>351,150</b>
Bequests	110,000	-	<b>110,000</b>
Candidate Fund Contributions	-	81,807	<b>81,807</b>
Other Income and Interest	261	-	<b>261</b>
Net Assets Released from Restrictions	294,229	(294,229)	<b>-</b>
<b>Total Support and Revenues</b>	<b>796,408</b>	<b>(12,422)</b>	<b>783,986</b>
<b>Expenses</b>			
Program Services	481,502	-	<b>481,502</b>
General and Administrative	104,517	-	<b>104,517</b>
Fundraising	93,095	-	<b>93,095</b>
<b>Total Expenses</b>	<b>679,114</b>	<b>-</b>	<b>679,114</b>
Changes in Net Assets	117,294	(12,422)	<b>104,872</b>
Net Assets, Beginning of Period	80,110	231,573	<b>311,683</b>
<b>Net Assets, End of Period</b>	<b>\$ 197,404</b>	<b>\$ 219,151</b>	<b>\$ 416,555</b>

*See accompanying Notes to Financial Statements.*

**Council for a Livable World and Affiliate**  
**Consolidated Statement of Functional Expense**  
**For the Year Ended December 31, 2020**

	<u>Program</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u><b>Total</b></u>
Salaries and Benefits	\$ 362,030	\$ 70,636	\$ 53,368	<b>\$ 486,034</b>
Depreciation	1,301	-	-	<b>1,301</b>
Dues and Subscriptions	4,667	-	-	<b>4,667</b>
Events and Meetings	1,415	50	448	<b>1,913</b>
Miscellaneous	2,179	-	-	<b>2,179</b>
Office Supplies	2,609	12,918	662	<b>16,189</b>
Candidate Fund Support	25,000	-	-	<b>25,000</b>
Professional Services	53,576	20,913	38,617	<b>113,106</b>
Occupancy	28,673	-	-	<b>28,673</b>
Travel	52	-	-	<b>52</b>
<b>Total</b>	<u>\$ 481,502</u>	<u>\$ 104,517</u>	<u>\$ 93,095</u>	<u><b>\$ 679,114</b></u>

*See accompanying Notes to Financial Statements.*

**Council for a Livable World and Affiliate**  
**Consolidated Statement of Cash Flows**  
**For the Year Ended December 31, 2020**

**Cash Flows from Operating Activities**

Change in Net Assets	\$	<b>104,872</b>
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities		
Depreciation		<b>1,301</b>
<u>(Increase) Decrease in Assets</u>		
Accounts Receivable		<b>11,342</b>
Prepaid Expenses		<b>5,580</b>
<u>Increase (Decrease) in Liabilities</u>		
Accounts Payable		<b>14,991</b>
Due To Center		<b>37,695</b>
Net Cash Provided by (Used in) Operating Activities		<b><u>175,781</u></b>
Net Increase (Decrease) in Cash and Cash Equivalents		<b>175,781</b>
Cash and Cash Equivalents, Beginning of Period		<b><u>312,351</u></b>
<b>Cash and Cash Equivalents, End of Period</b>	<b>\$</b>	<b><u>488,132</u></b>

*See accompanying Notes to Financial Statements.*

## **Council for a Livable World and Affiliate**

### **Notes to Consolidated Financial Statements December 31, 2020**

#### **1. ORGANIZATION AND PURPOSE**

Council for a Livable World and Affiliate (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.

The coronavirus (COVID-19) outbreak in the United States commenced prior to CLW's fiscal year-end and has directly impacted its operations since early spring 2020. The COVID-19 pandemic caused a broad and negative impact on commerce and financial markets around the world including travel restrictions and limits on in-person gatherings.

Accordingly, the extent to which COVID-19 may impact CLW's financial position and changes in net assets and cash flows is uncertain and the accompanying financial statements include no adjustments relating to the effects of this pandemic.

#### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **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 Presentation**

The accompanying consolidated financial statements are presented in accordance with the accrual basis of accounting, whereby revenue is recognized when earned and expenses are recognized when incurred.

The consolidated financial statements of CLW have been prepared in accordance with U.S. generally accepted accounting principles (US GAAP), which requires CLW to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets Without Donor Restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of CLW. These net assets may be used at the discretion of management and the Board of Directors.

Net Assets With Donor Restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of CLW or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.



## **Council for a Livable World and Affiliate**

### **Notes to Consolidated Financial Statements December 31, 2020**

#### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

##### **Use of Estimates**

The preparation of consolidated financial statements in accordance with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

##### **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.

##### **Contributions Receivable**

Contributions Receivable are stated at their outstanding balances in accordance with accounting principles generally accepted in the United States of America. Promises to give are expected to be collected within one year.

##### **Property and Equipment**

Property and equipment are recorded at cost and depreciation is calculated using the straight-line method over the estimated useful lives of the related assets.

##### **Revenue Recognition**

Contributions, including unconditional promises to give, are recognized as revenues in the period received or pledged. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions of assets, other than cash, are recorded at their estimated fair value at the date of gift. Contributed services and materials are recorded at their estimated fair value if they would otherwise be purchased if not provided by donation and provided by professionals in their field. There were no unrecognized conditional contributions as of December 31, 2020.

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, 2020, the Fund received \$1,363,961 of candidate campaign contributions which were then remitted to the specified campaigns.

## **Council for a Livable World and Affiliate**

### **Notes to Consolidated Financial Statements December 31, 2020**

#### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

##### **Functional Allocation of Expenses**

The costs of various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, costs such as salaries, benefits, and candidate fund administrative expenses have been allocated among the program and supporting services benefited based on estimated level of effort.

##### **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. Accordingly, no provision for income taxes has been made in the accompanying consolidated financial statements. The provisions included in accounting principles generally accepted in the United States of America provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition of tax positions taken or expected to be taken in a tax return. CLW performed an evaluation of uncertain tax positions as of December 31, 2020, and determined that there were no matters that would require recognition in the consolidated financial statements or, which may have any effect on its tax-exempt status. As of December 31, 2020, the statute of limitations for tax years 2017 through 2019 remains open with the U.S. Federal jurisdiction and any state and local jurisdictions in which the Institute and the Fund file tax returns.

##### **Recently Issued Accounting Pronouncement**

In February 2016, the FASB issued ASU 2016-02, *Leases*. The update requires a lessee to recognize a right-of-use asset and lease liability, initially measured at the present value of the lease payments, in its statements of financial position. The guidance also expands the required quantitative and qualitative lease disclosures. The guidance is effective beginning in 2022.

##### **Subsequent Events**

CLW evaluated events and transactions that may affect these consolidated financial statements through December 7, 2021, the date the consolidated financial statements were available to be issued and have determined that no material subsequent events have occurred that would affect the information presented in the accompanying consolidated financial statements or require additional disclosure.

#### **3. CONCENTRATION OF 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

## Council for a Livable World and Affiliate

### Notes to Consolidated Financial Statements December 31, 2020

#### 4. PROPERTY AND EQUIPMENT

Equipment is comprised of the following as of December 31, 2020:

Software	\$	10,331
Computers		7,294
		<hr/>
Total		17,625
Less Accumulated Depreciation		(17,625)
		<hr/>
Property and Equipment, Net	\$	-

Depreciation expense was \$1,301 for the year ended December 31, 2020.

#### 5. NET ASSETS

Net assets with donor restrictions as of December 31, 2020 were as follows:

	<u>Beginning of Year</u>	<u>Contributions</u>	<u>Releases</u>	<u>End of Year</u>
PAC	\$ 99,284	\$ 81,807	\$ (81,759)	\$ 99,332
Enhanced Capacity and Congressional Outreach Grants	<u>132,289</u>	<u>200,000</u>	<u>(212,470)</u>	<u>119,819</u>
<b>Total</b>	<u>\$ 231,573</u>	<u>\$ 281,807</u>	<u>\$ (294,229)</u>	<u>\$ 219,151</u>

Net assets without donor restrictions were undesignated.

#### 6. RELATED PARTY

CLW and the Center for Arms Control and Non-Proliferation (the Center) shared one common Board member until March 2018. In addition, the Center and CLW utilize the shared services of certain employees. As such, the Center provides CLW with personnel and other general and administrative expenses. As of December 31, 2020, CLW owed the Center a net amount of \$63,590 for various expense reimbursements.

During 2020, the Center entered into an agreement with CLW to provide a \$150,000 grant to support CLW's lobbying efforts on issues concerning disarmament and peace and security consistent with the organizations' shared objectives.

## Council for a Livable World and Affiliate

### Notes to Consolidated Financial Statements December 31, 2020

#### 7. ACTIVITIES OF THE FUND

As of December 31, 2020, the Fund accounted for approximately 21% of the total assets. For the year ended December 31, 2020, the Fund's revenues and expenses were less than 10% and 4%, respectively, of the total revenues and expenses in the accompanying consolidated financial statements.

#### 8. AVAILABILITY AND LIQUIDITY

The following represents CLW's financial assets at December 31, 2020:

##### Financial Assets at Year End:

Cash and Cash Equivalents	\$ 488,132
Contributions Receivable	26,905
	<hr/>
Total Financial Assets	515,037

##### Less Amounts Not Available To Be Used Within One Year:

Net Assets With Donor Restrictions	219,151
Less: Net Assets With Purpose Restrictions To Be Met in Less Than a Year	(219,151)
Quasi Endowment Established by the Board	-
	<hr/>
	-
	<hr/>

##### Financial Assets Available to Meet General Expenditures Over the Next Twelve Months

\$ 515,037

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