
MAPLIGHT

FINANCIAL STATEMENTS

June 30, 2019

(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2018)

CROSBY & KANEDA

Certified Public Accountants
for Nonprofit Organizations

MAPLIGHT

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INDEPENDENT AUDITORS' REPORT

Board of Directors
MapLight
Berkeley, California

Report on the Financial Statements

We have audited the accompanying financial statements of MapLight, which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these 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 from 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 financial statements referred to above present fairly, in all material respects, the financial position of MapLight as of June 30, 2019, 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.

Report on Summarized Comparative Information

We have previously audited MapLight's June 30, 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 23, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Crosby + Kaneda CPAs LLP

Oakland, California

April 27, 2020

MAPLIGHT

Statement of Financial Position June 30, 2019 (With Comparative Totals as of June 30, 2018)

	<u>2019</u>	<u>2018</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 350,686	\$ 517,198
Certificates of deposit	207,086	203,529
Accounts receivable	64,587	40,460
Contributions receivable	50,000	-
Prepaid expenses	33,200	33,616
Total Current Assets	<u>705,559</u>	<u>794,803</u>
Property and equipment, net (Note 3)	8,256	15,702
Deposits	<u>11,486</u>	<u>11,425</u>
Total Assets	<u>\$ 725,301</u>	<u>\$ 821,930</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	\$ 66,415	\$ 88,423
Accrued vacation	88,186	84,978
Deferred revenue	35,350	35,000
Total Liabilities	<u>189,951</u>	<u>208,401</u>
Net Assets		
Without donor restrictions	382,305	598,529
With donor restrictions (Note 7)	153,045	15,000
Total Net Assets	<u>535,350</u>	<u>613,529</u>
Total Liabilities and Net Assets	<u>\$ 725,301</u>	<u>\$ 821,930</u>

See Notes to the Financial Statements

MAPLIGHT

Statement of Activities For the Year Ended June 30, 2019 (With Comparative Totals for the Year Ended June 30, 2018)

	Without Donor Restrictions	With Donor Restrictions	Total	
			2019	2018
Support and Revenue				
Support				
Foundation and other grants	\$ 1,011,500	\$ 435,000	\$ 1,446,500	\$ 1,443,600
Donations	34,738		34,738	85,055
Total Support	<u>1,046,238</u>	<u>435,000</u>	<u>1,481,238</u>	<u>1,528,655</u>
Revenue				
Sale of data	214,250		214,250	184,000
Service fees	125,295		125,295	44,300
Voter guides	7,000		7,000	28,700
Interest	4,036		4,036	4,300
Other income	5,552		5,552	5,559
Total Revenue	<u>356,133</u>	<u>-</u>	<u>356,133</u>	<u>266,859</u>
Support provided by expiring time and purpose restrictions	296,955	(296,955)	-	-
Total Support and Revenue	<u>1,699,326</u>	<u>138,045</u>	<u>1,837,371</u>	<u>1,795,514</u>
Expenses				
Program				
Money & Influence	1,297,582		1,297,582	1,407,723
Voters' Edge	191,853		191,853	303,206
Total program	<u>1,489,435</u>	<u>-</u>	<u>1,489,435</u>	<u>1,710,929</u>
Management and general	224,668		224,668	237,734
Fundraising	201,447		201,447	361,575
Total Expenses	<u>1,915,550</u>	<u>-</u>	<u>1,915,550</u>	<u>2,310,238</u>
Change in net assets	(216,224)	138,045	(78,179)	(514,724)
Net assets, beginning of year	<u>598,529</u>	<u>15,000</u>	<u>613,529</u>	<u>1,128,253</u>
Net assets, end of year	<u>\$ 382,305</u>	<u>\$ 153,045</u>	<u>\$ 535,350</u>	<u>\$ 613,529</u>

See Notes to the Financial Statements

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Statement of Cash Flows For the Year Ended June 30, 2019 (With Comparative Totals for the Year Ended June 30, 2018)

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Change in net assets	\$ (78,179)	\$ (514,724)
Adjustments to reconcile change in net assets to cash provided (used) by operating activities:		
Depreciation	7,446	9,668
Changes in assets and liabilities:		
Accounts receivable	(24,127)	(34,912)
Contributions receivable	(50,000)	150,000
Prepaid expenses	416	7,564
Deposits	(61)	(2,025)
Accounts payable and accrued expenses	(22,008)	2,048
Accrued vacation	3,208	479
Deferred revenue	350	35,000
Net cash provided (used) by operating activities	<u>(162,955)</u>	<u>(346,902)</u>
Cash flows from investing activities:		
Reinvestments in certificate of deposit, net	(3,557)	(1,015)
Net cash provided (used) by investing activities	<u>(3,557)</u>	<u>(1,015)</u>
Change in cash and cash equivalents	(166,512)	(347,917)
Cash and cash equivalents, beginning of year	<u>517,198</u>	<u>865,115</u>
Cash and cash equivalents, end of year	<u>\$ 350,686</u>	<u>\$ 517,198</u>

See Notes to the Financial Statements

MAPLIGHT

**Statement of Functional Expenses
For the Year Ended June 30, 2019
(With Comparative Totals for the Year Ended June 30, 2018)**

	Program	Management and General	Fundraising	Total	
				2019	2018
Salaries	\$ 1,049,588	\$ 104,041	\$ 150,485	\$ 1,304,114	\$ 1,604,463
Retirement contributions	30,443	7,618	4,215	42,276	46,103
Other employee benefits	90,575	8,873	9,928	109,376	118,268
Payroll taxes	69,131	9,360	9,887	88,378	149,224
Total Personnel	<u>1,239,737</u>	<u>129,892</u>	<u>174,515</u>	<u>1,544,144</u>	<u>1,918,058</u>
Grants	10,000	-	-	10,000	20,000
Fees for service	33,887	73,082	2,465	109,434	117,800
Advertising and promotion	10,803	147	135	11,085	907
Office expenses	44,720	2,495	8,245	55,460	62,674
Information technology	37,082	414	440	37,936	38,559
Occupancy	43,268	5,537	5,824	54,629	54,461
Travel and meals	38,181	6,055	2,040	46,276	26,965
Conferences and meetings	6,891	6	1,304	8,201	18,768
Insurance	9,379	4,358	414	14,151	14,940
Dues, licenses, service fees	1,733	913	4,170	6,816	11,786
Depreciation	5,881	750	815	7,446	9,668
Staff development	7,873	1,019	1,080	9,972	15,652
Total Expenses	<u>\$ 1,489,435</u>	<u>\$ 224,668</u>	<u>\$ 201,447</u>	<u>\$ 1,915,550</u>	<u>\$ 2,310,238</u>

See Notes to the Financial Statements

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Notes to the Financial Statements For the Year Ended June 30, 2019 (With Comparative Totals for the Year Ended June 30, 2018)

NOTE 1: NATURE OF ACTIVITIES

MapLight (the Organization), a California nonprofit public benefit organization, was founded in 2005 in order to reveal the influence of money on politics, with the goal of getting special-interest influence out of our political system.

The Organization pursues its mission by connecting data on campaign contributions, politicians, legislative votes, industries, companies, and more to identify connections between the money coming into our political system and the votes coming out. MapLight provides this data, as well as online money-and-politics research tools, to journalists and the public to make the impact of our money-dominated political system tangible and concrete by connecting it to the issues that affect people's everyday lives.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Net Assets

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Net assets without donor restrictions – are resources available to support operations. The only limits on the use of the net assets are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions – are resources that are restricted by a donor for use for a particular purpose or in a particular period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the Organization must continue to use the resources in accordance with the donor's instructions.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor imposed restrictions. Net assets restricted for acquisition of building or equipment (or less commonly, the contribution of those net assets directly) are reported as net assets with donor restrictions until the specified asset is placed in service by the Organization, unless the donor provides more specific directions about the period of its use.

Classification of Transactions

All revenues and net gains are reported as increases in net assets without donor restrictions in the statement of activities unless the donor specified the use of the related resources for a particular purpose or in a future period. All expenses and net losses are reported as decreases in net assets without donor restrictions.

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Notes to the Financial Statements For the Year Ended June 30, 2019 (With Comparative Totals for the Year Ended June 30, 2018)

Accounting for Contributions

Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in net assets without donor restrictions unless the contributed assets are specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as restricted until payment is due, unless the contribution is clearly intended to support activities of the current fiscal year. Conditional promises are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

Accounts Receivable

Accounts receivable are primarily unsecured non-interest bearing amounts due from customers on performance contracts. The Organization considers all accounts receivable to be fully collectible at June 30, 2019. Accordingly, no allowance for doubtful accounts was deemed necessary. If amounts become uncollectible, they are charged to expense in the period in which that determination is made.

Contributions Receivable

Contributions receivable including pledges and grants receivable are unconditional promises to give that are recognized as contributions when the promise is received. Contributions receivable that are expected to be collected in less than one year are reported at net realizable value. Contributions receivable that are expected to be collected in more than one year are recorded at fair value at the date of promise. That fair value is computed using a present value technique applied to anticipated cash flows. The Organization has evaluated the value of the discount and concluded that it was not material for recognition. The Organization considers all contributions receivable to be fully collectible at June 30, 2019. Accordingly, no allowance for doubtful accounts was deemed necessary. If amounts become uncollectible, they are charged to expense in the period in which that determination is made.

Income Taxes

The Internal Revenue Service and the California Franchise Tax Board have determined that the Organization is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3) and the California Revenue and Taxation Code Section 23701(d). The Organization has evaluated its current tax positions as of June 30, 2019 and is not aware of any significant uncertain tax positions for which a reserve would be necessary. The Organization's tax returns are generally subject to examination by federal and state taxing authorities for three and four years, respectively after they are filed.

Contributed Services

Contributed services are reflected in the financial statements at the fair value of the services received only if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. There were no contributed services during the year ended June 30, 2019.

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Notes to the Financial Statements For the Year Ended June 30, 2019 (With Comparative Totals for the Year Ended June 30, 2018)

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all money market funds and other highly liquid investments with original maturities of three months or less when purchased to be cash equivalents.

Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Organization determines the fair values of its assets and liabilities based on a fair value hierarchy that includes three levels of inputs that may be used to measure fair value.

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.

Level 2 - Inputs other than quoted market prices that are observable for the asset or liability, either directly or indirectly.

Level 3 - Unobservable inputs for the assets or liability.

The Organization had no assets or liabilities recorded at fair value on June 30, 2019.

Concentration of Credit Risk

At times, the Organization may have deposits in excess of federally insured limits. The risk is managed by maintaining all deposits in high quality financial institutions.

Property and Equipment

Property and equipment purchased by the Organization is recorded at cost. The Organization capitalizes all expenditures for property and equipment over \$5,000; the fair value of donated fixed assets is similarly capitalized. Depreciation is computed using the straight-line method over the estimated useful lives on the property and equipment or the related lease terms as follows:

Furniture and equipment	3-5 years
Leasehold improvements	5 years

Expenditures for major renewals and betterments that extend the useful lives of the property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

Management reviews long-lived assets for impairment when circumstances indicate the carrying amount of the asset may not be recoverable.

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Notes to the Financial Statements For the Year Ended June 30, 2019 (With Comparative Totals for the Year Ended June 30, 2018)

Expense Recognition and Allocation

The cost of providing the Organization's programs and other activities is summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions using a reasonable allocation method that is consistently applied as follows:

Salaries and wages, benefits, and payroll taxes are allocated based on activity reports prepared by personnel on a quarterly basis.

Benefits, payroll taxes, unemployment insurance and workers compensation are allocated based on FTE attributable to each functional class on a quarterly basis.

Office expenses and supplies, occupancy, depreciation, insurance, and other expenses that cannot be directly identified are allocated on the basis of FTE for each program and supporting activity.

Management and general expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Organization.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The Organization generally does not conduct fundraising activities in conjunction with its other activities.

Changes in Accounting Principles

The Organization implemented FASB Accounting Standards Update No. 2016-14 in the current year, applying the changes retrospectively. The new standards change the following aspects of the financial statements:

The temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions.

The unrestricted net asset class has been renamed net assets without donor restrictions.

The financial statements include a disclosure about liquidity and availability of resources.

The changes have the following effect on net assets at June 30, 2018:

Net Asset Class:	As Originally <u>Presented</u>	After Adoption of <u>ASU 2016-14</u>
Unrestricted net assets	\$ 598,529	\$ -
Temporarily restricted net assets	15,000	-
Net assets without donor restrictions	-	598,529
Net assets with donor restrictions	-	15,000
Total	<u>\$ 613,529</u>	<u>\$ 613,529</u>

Reclassifications

Certain accounts in the prior year's summarized information have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

Prior Year Summarized Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a

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**Notes to the Financial Statements
For the Year Ended June 30, 2019
(With Comparative Totals for the Year Ended June 30, 2018)**

presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2018, from which the summarized information was derived.

Subsequent Events

The Organization has evaluated subsequent events and has concluded that as of April 27, 2020 the date that the financial statements were available to be issued, there were no significant subsequent events to disclose.

NOTE 3: PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

	<u>2019</u>	<u>2018</u>
Furniture and equipment	\$ 56,416	\$ 56,415
Leasehold improvements	8,729	8,729
Less: Accumulated depreciation	<u>(56,889)</u>	<u>(49,442)</u>
Total	<u>\$ 8,256</u>	<u>\$ 15,702</u>

NOTE 4: COMMITMENTS

Operating Leases

The Organization is party to a lease for office space in Berkeley, which expires in April, 2022 with the option to renew for 5 years at a fixed rate. Future minimum operating lease payments are as follows for the years ended June 30:

2020	\$ 42,000
2021	42,000
2022	<u>35,000</u>
Total	<u>\$ 119,000</u>

Rent for the years ended June 30, 2019 and 2018 was \$42,000 and \$42,000, respectively.

NOTE 5: CONTINGENCIES

Grant Awards

Grant awards require the fulfillment of certain conditions as set forth in the instrument of grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. The Organization deems this contingency remote since by accepting the grants and their terms, it has accommodated the objectives of the Organization to the provisions of the grants. The Organization's management is of the opinion that the Organization has complied with the terms of all grants.

NOTE 6: CONCENTRATIONS

Revenue Concentrations and Receivables

During the year ended June 30, 2019, the Organization received approximately 36% of its support and revenue from two funders. A significant reduction in the level of this support, if this were to occur, may have an effect on the Organization's program and activities.

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Notes to the Financial Statements
For the Year Ended June 30, 2019
(With Comparative Totals for the Year Ended June 30, 2018)

NOTE 7: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were available as follows as of June 30:

	<u>2019</u>	<u>2018</u>
Purpose restriction	\$ 123,045	\$ 15,000
Future periods	<u>30,000</u>	<u>-</u>
Total	<u>\$ 153,045</u>	<u>\$ 15,000</u>

NOTE 8: RETIREMENT PLAN

The Organization has a defined contribution retirement plan (the Plan) under section 403(b) of the Internal Revenue Code. The Organization is not required to make contributions to the Plan. During the years ended June 30, 2019 and 2018, the Organization contributed \$42,276 and \$46,103 to the Plan, respectively.

NOTE 9: CONDITIONAL PROMISES TO GIVE

The Organization defers recognition of conditional promises to give until the related conditions have been satisfied. As of June 30, 2019 conditional promises to give consisted of the following:

<u>Grant</u>	<u>Award</u>	<u>Recognized</u>	<u>Remaining</u>	<u>Condition</u>
Grant I	\$180,000	\$120,000	\$60,000	Program performance and reporting

The Organization expects to satisfy the conditions related to these promises by June 30, 2020.

NOTE 10: PASS-THROUGH ACTIVITY

The Organization has entered into an agreement with a separate non-profit agency in which the Organization serves as the lead fiscal agent for funds raised that have been earmarked for the partner agency. In addition to the activity reflected on the Organization's financials, \$35,504 and \$5,645 was accounted for on a pass-through basis for the years ended June 30, 2019 and 2018, respectively.

NOTE 11: RELATED PARTY ACTIVITY

During the years ended June 30, 2019 and 2018 members of the board contributed \$340,000 and \$275,000, respectively, to the Organization. These amounts are included in donations and grants reported on the statement of activities.

NOTE 12: LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2019 are:

Cash and cash equivalents	\$ 350,686
Certificates of deposit	207,086
Accounts receivable	64,587
Contributions receivable	50,000
Less purpose-restricted net assets	<u>(123,045)</u>
Total	<u>\$ 549,314</u>