

**Center for National Independence in Politics**

Financial Statements  
With Independent Auditor's Report Thereon

March 31, 2021

## Center for National Independence in Politics

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### Independent Auditor's Report

To the Board of Directors of  
Center for National Independence in Politics

We have audited the accompanying financial statements of Center for National Independence in Politics (a nonprofit organization), which comprise the statement of financial position as of March 31, 2021, the related statements of activities, functional expenses, and cash flows 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.

#### Auditor's 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 Center for National Independence in Politics as of March 31, 2021, 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.



Pittman & Company, LLP  
July 30, 2021

**Center for National Independence in Politics**  
Statement of Financial Position  
March 31, 2021

Assets	2021
<b>Current Assets</b>	
Cash & cash equivalents	\$ 67,219
Investments	4,026,700
Prepaid expenses	9,553
<b>Total Current Assets</b>	<b>4,103,472</b>
 <b>Property &amp; Equipment</b>	
Furniture & equipment	36,516
Less - accumulated depreciation	(34,192)
<b>Total Property &amp; Equipment</b>	<b>2,324</b>
 <b>Total Assets</b>	 <b>\$ 4,105,796</b>
 <b>Liabilities &amp; Net Assets</b>	
<b>Current Liabilities</b>	
Accounts payable	\$ 18,937
Accrued liabilities	69,407
<b>Total Current Liabilities</b>	<b>88,344</b>
 <b>Total Liabilities</b>	 <b>88,344</b>
 <b>Net Assets</b>	
Without donor restrictions	3,767,452
With donor restrictions	250,000
<b>Total Net Assets</b>	<b>4,017,452</b>
 <b>Total Liabilities &amp; Net Assets</b>	 <b>\$ 4,105,796</b>

See accompanying notes to the financial statements.

**Center for National Independence in Politics**  
**Statement of Activities**  
**For the Year Ended March 31, 2021**

	Without Donor	With Donor Restrictions	Total
<b>Revenue &amp; Support</b>			
Cash contributions & memberships	\$ 801,827	\$ -	\$ 801,827
Donations	317,275	-	317,275
Investment income	487,009	-	487,009
In-kind revenue	38,741	-	38,741
Miscellaneous	58,999	-	58,999
<b>Total Revenue &amp; Support</b>	<b>1,703,851</b>	<b>-</b>	<b>1,703,851</b>
<b>Expenses</b>			
Program services	1,112,251	-	1,112,251
Management & general	146,822	-	146,822
Fundraising	136,986	-	136,986
<b>Total Expenses</b>	<b>1,396,059</b>	<b>-</b>	<b>1,396,059</b>
<b>Change in Net Assets</b>	<b>307,792</b>	<b>-</b>	<b>307,792</b>
<b>Net Assets - Beginning</b>	<b>3,459,660</b>	<b>250,000</b>	<b>3,709,660</b>
<b>Net Assets - Ending</b>	<b>\$ 3,767,452</b>	<b>\$ 250,000</b>	<b>\$ 4,017,452</b>

See accompanying notes to the financial statements.

**Center for National Independence in Politics**  
**Statement of Functional Expenses**  
**For the Year Ended March 31, 2021**

	Program Services	Management & General	Fundraising	Total
<b>Salaries &amp; Related Expenses</b>				
Salaries & wages	\$ 706,797	\$ 81,538	\$ 94,432	\$ 882,768
Payroll taxes	52,725	7,047	6,085	65,856
Employee benefits	71,288	7,375	8,129	86,793
<b>Total Salaries &amp; Related Expenses</b>	<b>830,809</b>	<b>95,960</b>	<b>108,647</b>	<b>1,035,417</b>
<b>Other Expenses</b>				
Advertising & promotion	44,188	95	210	44,493
Bank & credit card charges	-	9,036	575	9,611
Consulting & contract services	21,785	1,250	-	23,035
Dues, fees, & subscriptions	106,029	877	8,085	114,991
In-kind	30,865	4,076	3,801	38,741
Insurance	1,434	2,669	192	4,295
Miscellaneous	840	462	(348)	954
Office	10,609	1,125	1,470	13,204
Printing, postage, & production	46,673	11,672	11,672	70,017
Professional fees	-	17,586	-	17,586
Telephone	14,913	1,581	2,066	18,560
Travel	29	-	54	83
<b>Total Other Expenses</b>	<b>277,365</b>	<b>50,430</b>	<b>27,774</b>	<b>355,570</b>
<b>Depreciation</b>	<b>4,076</b>	<b>432</b>	<b>565</b>	<b>5,073</b>
<b>Total Expenses</b>	<b>\$ 1,112,251</b>	<b>\$ 146,822</b>	<b>\$ 136,986</b>	<b>\$ 1,396,059</b>

See accompanying notes to the financial statements.

**Center for National Independence in Politics**

Statement of Cash Flows

For the Year Ended March 31, 2021

Cash Flows from Operating Activities	
Change in net assets	\$ 307,792
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	5,073
(Increase)/Decrease in:	
Investments	(324,631)
Prepaid expenses	3,189
Increase/(Decrease) in:	
Payables	(2,304)
Accrued liabilities	12,313
Net Cash Provided/(Used) by Operating Activities	<u>1,432</u>
Cash Flows from Investing Activities	
Purchase of property & equipment	<u>-</u>
Net Cash Provided/(Used) by Investing Activities	-
Cash Flows from Financing Activities	
Payments on note payable	<u>-</u>
Net Cash Provided/(Used) by Financing Activities	-
Net Increase/(Decrease) in Cash & Cash Equivalents	1,432
Cash & Cash Equivalents - Beginning	<u>65,787</u>
Cash & Cash Equivalents - Ending	<u>\$ 67,219</u>

See accompanying notes to the financial statements.

**Center for National Independence in Politics**  
Notes to the Financial Statements  
For the Year Ended March 31, 2021

**Note 1. Summary of Significant Accounting Policies**

Nature of the Organization

The Center for National Independence in Politics (the Organization) is a non-profit organization that provides citizens with nonpartisan, abundant, accurate, and relevant information on elected officials, political candidates, and issues.

Basis of Presentation

The accompanying financial statements have been prepared in conformity with the accounting principles appropriate for not-for-profit entities. The accrual basis of accounting is used by the Organization. Under this method, revenue is recognized in the period earned and expenses are recognized in the period incurred.

Financial statement presentation follows the guidelines set forth by the Financial Accounting Standards Board (FASB) in *Not-for-Profit Entities – Presentation of Financial Statements*. As part of the FASB guidelines, the Organization is required to report information regarding its financial position and activities according to two classes of net assets:

- With donor restrictions – assets that are required to be used in a later period or after a specified date (time restrictions), or that are required to be used for a specific purpose (purpose restriction), or both.
- Without donor restrictions – assets without any donor-imposed restrictions; although, a portion of these assets may have self-imposed limits (board-designated net assets).

Liquidity

The Organization's financial assets available within one year of the balance sheet date for general expenditures are as follows:

Cash & cash equivalents	\$ 67,219
	<u>\$ 67,219</u>

Cash and cash equivalents are considered to be assets that can be converted to cash within three months.

Advertising

Advertising is expensed in the period incurred. Advertising amounted to \$44,493 for the year ended March 31, 2021.



**Center for National Independence in Politics**  
Notes to the Financial Statements  
For the Year Ended March 31, 2021

**Note 1. Summary of Significant Accounting Policies (continued)**

Fixed Assets

Property and equipment determined to be a capital asset is valued at cost and depreciated using the straight-line method over the estimated useful life. An asset is considered for capitalization if it has a value greater than \$500 and an expected useful life greater than one year. Property and equipment contributed to the Organization is recorded at the fair market value on the date of the contribution.

Revenue Recognition

Revenues are reported as increases in net assets without donor restrictions unless use of the related asset is limited by donor-imposed restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law.

Contributions

Unconditional contributions are recognized at fair value when received or pledged. Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions, depending on the existence or nature of any donor restrictions. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Allocation of Functional Expenses

The costs of program and supporting service activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Certain costs are attributed to more than one program or supporting function, and, therefore, require allocation among the programs and supporting services benefited. Management believes their allocations are done on a reasonable and consistent basis. Most personnel costs, office expenses, professional services, and other expenses are identified with a specific program or supporting function at the time they are incurred and are reported accordingly. However, some of these expenses require allocation, which is done on the basis of estimates of time and effort.

Concentrations of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents. The Organization maintains their cash and cash equivalents in commercial banks and investment accounts that, at times, may exceed federally insured limits. However, the Organization's cash accounts have been placed with a high credit quality financial institutions, and they have not experienced, nor do they anticipate, any losses with respect to such accounts. There were no uninsured amounts as of March 31, 2021.

**Center for National Independence in Politics**  
Notes to the Financial Statements  
For the Year Ended March 31, 2021

**Note 1. Summary of Significant Accounting Policies (continued)**

Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Income Taxes

The Organization is exempt from taxation under Section 501(c)(3) of the Internal Revenue Code except to the extent of taxes on unrelated business income. As required by the FASB *Income Taxes* topic, the Organization has evaluated their material tax positions and determined no income tax affects with respect to the financial statements. The Organization is no longer subject to U.S. Federal or State tax examinations by tax authorities for years prior to 2017. There has been no notice of any impending examinations by tax authorities, and no examinations are in process.

Recent Events

On March 11, 2020 the World Health Organization declared the outbreak of COVID-19 as a global pandemic, which continues to spread throughout the United States and around the world. While the economic fallout has somewhat stabilized, actions taken to mitigate the spread of COVID-19 have had, and continue to have, an adverse impact on economic activity globally, nationally, and locally. The extent of the pandemic's effect on the Organization will be dependent on many factors, including the speed and extent of any recovery from the related economic recession. It is reasonably possible that estimates made in the financial statements could be materially and adversely impacted in the near term as a result of these conditions.

**Note 2. Fair Value Measurements**

The Organization has adopted the provisions of the FASB *Fair Value Measurement* topic, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Professional standards establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to level 1 inputs and the lowest priority to level 3 inputs. The three levels of the hierarchy are described as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – inputs other than quoted prices included within *Level 1* that are observable for the asset or liability, either directly or indirectly.
- Level 3 – unobservable inputs for the asset or liability.

**Center for National Independence in Politics**  
Notes to the Financial Statements  
For the Year Ended March 31, 2021

**Note 2. Fair Value Measurements (continued)**

The following table presents financial instruments that are measured at fair value on a recurring basis as of March 31, 2021:

	<u>Fair Value</u>	<u>Level 1</u>
Cash & cash alternatives	\$ 65,093	\$ 65,093
Mutual funds	3,961,607	3,961,607
	<u>\$ 4,026,700</u>	<u>\$ 4,026,700</u>

**Note 3. Endowments**

The Organization's endowment funds include both donor-restricted funds and funds designated by the Board of Directors to function as endowments. Net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Organization has interpreted the Iowa-enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies net assets with donor restrictions (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Donor restricted amounts not retained in perpetuity are subject to appropriation for expenditure in a manner consistent with the standard prudence prescribed by Iowa law.

In accordance with Iowa law, if relevant, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the endowment fund.
2. The purposes of the Organization and the endowment fund.
3. General economic conditions.
4. The possible effect of inflation and deflation.
5. The expected total return from income and the appreciation of investments.
6. Other resources of the Organization
7. The investment policies of the Organization.

**Center for National Independence in Politics**  
Notes to the Financial Statements  
For the Year Ended March 31, 2021

**Note 3. Endowments (continued)**

Endowment net asset composition by type of fund at March 31, 2021 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Scholarship Fund	\$ 153,801	\$ 250,000	\$ 403,801
Legacy Fund	152,476	-	152,476
	<u>\$ 306,277</u>	<u>\$ 250,000</u>	<u>\$ 556,277</u>

Changes in endowment net assets for the year ended March 31, 2021 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, March 31, 2020	\$ 209,337	\$ 250,000	\$ 459,337
Investment income, net	96,940	-	96,940
Contributions	-	-	-
Appropriation for expenditure	-	-	-
Endowment net assets, March 31, 2021	<u>\$ 306,277</u>	<u>\$ 250,000</u>	<u>\$ 556,277</u>

The Organization's spending policy states that the Board of Directors will calculate the income earned from all endowments and determine the amount of funds allocated to the next fiscal year. Donor-restricted endowments shall accumulate capital gains and utilize interest and dividends in the operations, unless otherwise specified by the donor. Endowment funds that are not donor-restricted have been designated by the Board of Directors for board-approved purposes. Board designated net assets was \$306,277 at March 31, 2021.

**Note 4. Investments**

The Organization holds four investment accounts with Raymond James, including two endowments. Investments are managed by the Organization's broker at Raymond James. Investment contributions and withdrawals are approved by the Board of Directors.

Investment activity for the year ended March 31, 2021 is as follows:

Interest, dividends, & capital gains	\$ 134,227
Realized loss	(62,162)
Unrealized gain	414,944
	<u>\$ 487,009</u>

**Center for National Independence in Politics**  
Notes to the Financial Statements  
For the Year Ended March 31, 2021

**Note 5. Fixed Assets**

Major classes of fixed assets are as follows as of March 31, 2021:

Furniture & equipment	\$	36,516
Accumulated depreciation		<u>(34,192)</u>
	\$	<u>2,324</u>

Depreciation expense was \$5,073 for the year ended March 31, 2021. Maintenance costs are expensed when incurred.

**Note 6. Revenue Concentration**

The Organization received public support and membership income representing 95% of its revenue when revenue from investments is not considered. If public support were to drastically decrease, the Organization would have to pursue alternative funding sources to continue its operations.

**Note 7. Donated Facilities and Services**

The Organization recognizes donated facilities and services as contributions if the facilities or service (a) create or enhance nonfinancial assets or (b) require specialized skills, were performed by people with those skills, and would otherwise be purchased by the Organization. Donated facilities and services are recognized at their estimated fair values at date of receipt.

The Organization receives donated facilities and services from Drake University, including occupancy costs and several maintenance staff members which amounted to \$38,741 for the year ended March 31, 2021.

**Note 8. Subsequent Events**

Management has reviewed and evaluated material subsequent events from the Statement of Financial Position date of March 31, 2021 through the financial statement issuance date of July 30, 2021. There were no subsequent events requiring adjustment to the financial statements.