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# **MAPLIGHT**

## **FINANCIAL STATEMENTS**

**June 30, 2020**

**(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2019)**

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**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, 2020, 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, 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.

## Report on Summarized Comparative Information

We have previously audited MapLight's June 30, 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 27, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Crosby & Kaneda CPAs LLP*

Oakland, California

April 1, 2021

## MAPLIGHT

### Statement of Financial Position June 30, 2020 (With Comparative Totals as of June 30, 2019)

	<u>2020</u>	<u>2019</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 798,367	\$ 350,686
Certificates of deposit	207,953	207,086
Accounts receivable	19,890	64,587
Contributions receivable	1,800	50,000
Prepaid expenses and deposits	33,952	44,686
Property and equipment, net (Note 3)	2,773	8,256
Total Assets	<u>\$ 1,064,735</u>	<u>\$ 725,301</u>
<b>Liabilities and Net Assets</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 50,121	\$ 66,415
Accrued vacation	81,424	88,186
Deferred revenue	35,705	35,350
PPP Loan (Note 4)	244,683	-
Total Liabilities	<u>411,933</u>	<u>189,951</u>
Net Assets		
Without donor restrictions	566,552	382,305
With donor restrictions (Note 8)	86,250	153,045
Total Net Assets	<u>652,802</u>	<u>535,350</u>
Total Liabilities and Net Assets	<u>\$ 1,064,735</u>	<u>\$ 725,301</u>

See Notes to the Financial Statements

**MAPLIGHT**

**Statement of Activities  
For the Year Ended June 30, 2020  
(With Comparative Totals for the Year Ended June 30, 2019)**

	Without Donor Restrictions	With Donor Restrictions	Total	
			2020	2019
<b>Support and Revenue</b>				
Support				
Foundation and other grants	\$ 1,064,342	\$ 400,000	\$ 1,464,342	\$ 1,446,500
Donations	52,069	1,500	53,569	34,738
Total Support	1,116,411	401,500	1,517,911	1,481,238
Revenue				
Licensing fees	213,868		213,868	214,250
Service fees	74,182		74,182	125,295
Voter guides	8,190		8,190	7,000
Interest	912		912	4,036
Other income	5,642		5,642	5,552
Total Revenue	302,794	-	302,794	356,133
Support provided by expiring time and purpose restrictions	468,295	(468,295)	-	-
Total Support and Revenue	1,887,500	(66,795)	1,820,705	1,837,371
<b>Expenses</b>				
Program				
Money & Influence	1,152,680		1,152,680	1,297,582
Voters' Edge	202,207		202,207	191,853
Total program	1,354,887	-	1,354,887	1,489,435
Management and general	223,100		223,100	224,668
Fundraising	125,266		125,266	201,447
Total Expenses	1,703,253	-	1,703,253	1,915,550
Change in net assets	184,247	(66,795)	117,452	(78,179)
Net assets, beginning of year	382,305	153,045	535,350	613,529
Net assets, end of year	\$ 566,552	\$ 86,250	\$ 652,802	\$ 535,350

See Notes to the Financial Statements

## MAPLIGHT

### Statement of Cash Flows For the Year Ended June 30, 2020 (With Comparative Totals for the Year Ended June 30, 2019)

	2020	2019
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 117,452	\$ (78,179)
Adjustments to reconcile change in net assets to cash provided (used) by operating activities:		
Depreciation	5,483	7,446
Changes in assets and liabilities:		
Accounts receivable	44,697	(24,127)
Contributions receivable	48,200	(50,000)
Prepaid expenses and deposits	10,734	355
Accounts payable and accrued expenses	(16,294)	(22,008)
Accrued vacation	(6,762)	3,208
Deferred revenue	355	350
Net cash provided (used) by operating activities	203,865	(162,955)
<b>Cash flows from investing activities:</b>		
Reinvestments in certificate of deposit, net	(867)	(3,557)
Net cash provided (used) by investing activities	(867)	(3,557)
<b>Cash flows from borrowing activities:</b>		
Proceed from PPP loan	244,683	-
Net cash provided (used) by borrowing activities	244,683	-
Change in cash and cash equivalents	447,681	(166,512)
Cash and cash equivalents, beginning of year	350,686	517,198
Cash and cash equivalents, end of year	\$ 798,367	\$ 350,686

## MAPLIGHT

### Statement of Functional Expenses For the Year Ended June 30, 2020 (With Comparative Totals for the Year Ended June 30, 2019)

	Program			Management and General	Fundraising	Total	
	Money & Influence	Voters' Edge	Program			2020	2019
Salaries	\$ 837,493	\$ 106,239	\$ 943,732	\$ 142,368	\$ 87,569	\$ 1,173,669	\$ 1,304,114
Retirement contributions	17,136	1,588	18,724	2,026	2,245	22,995	42,276
Other employee benefits	50,712	6,780	57,492	14,391	8,469	80,352	109,376
Payroll taxes	57,048	7,237	64,285	9,698	5,965	79,948	88,378
Total Personnel	<u>962,389</u>	<u>121,844</u>	<u>1,084,233</u>	<u>168,483</u>	<u>104,248</u>	<u>1,356,964</u>	<u>1,544,144</u>
Grants			-	-	-	-	10,000
Fees for service	55,016	49,699	104,715	30,261	3,113	138,089	109,434
Advertising and promotion	1,545	810	2,355	245	66	2,666	11,085
Office expenses	33,771	10,428	44,199	6,789	9,075	60,063	62,276
Information technology	21,297	10,961	32,258	1,661	2,735	36,654	37,936
Occupancy	39,580	4,587	44,167	8,030	2,989	55,186	54,629
Travel and meals	22,281	2,149	24,430	708	2,126	27,264	46,276
Conferences and meetings	2,011	5	2,016	9	135	2,160	8,201
Insurance	7,455	876	8,331	4,358	235	12,924	14,151
Depreciation	3,963	451	4,414	774	295	5,483	7,446
Staff development and other	3,372	397	3,769	1,782	249	5,800	9,972
Total Expenses	<u>\$ 1,152,680</u>	<u>\$ 202,207</u>	<u>\$ 1,354,887</u>	<u>\$ 223,100</u>	<u>\$ 125,266</u>	<u>\$ 1,703,253</u>	<u>\$ 1,915,550</u>

See Notes to the Financial Statements

## MAPLIGHT

### Notes to the Financial Statements For the Year Ended June 30, 2020 (With Comparative Totals for the Year Ended June 30, 2019)

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#### 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.

## MAPLIGHT

### Notes to the Financial Statements For the Year Ended June 30, 2020 (With Comparative Totals for the Year Ended June 30, 2019)

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#### **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, 2020. 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, 2020. 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.

#### **Accounting for Purchases and Sales of Securities**

The Organization accounts for purchases and sales of securities on a settlement date basis. It is the policy of the Organization to immediately sell any securities received.

#### **Licensing Fees**

Data licensing revenue consists of contracts with entities for the use of the Organization's voter election data. Revenue is recognized on a straight line basis over the period in which the license is authorized.

#### **Service Fees**

Service fees consist of contracts with entities for the rights to distribute the Organization's publications or consulting agreements. Revenue from these contracts is recognized as the related performance obligations are satisfied.

#### **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 IRC 501(c)(3) and California

## MAPLIGHT

### Notes to the Financial Statements For the Year Ended June 30, 2020 (With Comparative Totals for the Year Ended June 30, 2019)

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RTC 23701(d). The Organization has evaluated its current tax positions as of June 30, 2020 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, 2020.

#### **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.

#### **Certificates of Deposit**

The Organization may hold certificates of deposit issued by a bank directly to the Organization. All such certificates mature before June 30, 2021, and renew on an annual basis. The certificates are not brokered but directly held, and early redemption is possible with certain early redemption penalties. The Organization values such certificates of deposit at cost plus accrued interest.

#### **Deferred Revenue**

Deferred revenue consists of payments received in advance of the related performance obligations or contractual licensing periods. The Organization holds such revenue as deferred until the related obligations are satisfied.

#### **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, 2020.

## MAPLIGHT

### Notes to the Financial Statements For the Year Ended June 30, 2020 (With Comparative Totals for the Year Ended June 30, 2019)

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#### 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.

#### 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.

#### 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 presentation in conformity with GAAP. Accordingly, such information should be read in

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Notes to the Financial Statements  
For the Year Ended June 30, 2020  
(With Comparative Totals for the Year Ended June 30, 2019)

conjunction with the Organization's financial statements for the year ended June 30, 2019, from which the summarized information was derived.

**Changes in Accounting Principles**

The Organization adopted FASB ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (Topic 958). The ASU clarifies current guidance about whether a transfer of assets, or the reduction, settlement, or cancellation of liabilities, is a contribution or an exchange transaction. It provides criteria for determining whether the resource provider is receiving commensurate value in return for the resources transferred which, depending on the outcome, determines whether the Organization follows contribution guidance or exchange transaction guidance. In addition, it increases the number of contributions that are likely to be considered conditional by removing guidance that a conditional promise to give is considered unconditional if the possibility that the condition will not be met is remote. The Adoption of this ASU did not result in a material change to the financials of the Organization.

**NOTE 3: PROPERTY AND EQUIPMENT**

Property and equipment consist of the following at June 30:

	<u>2020</u>	<u>2019</u>
Furniture and equipment	\$ 56,416	\$ 56,416
Leasehold improvements	8,729	8,729
Less: Accumulated depreciation	<u>(62,372)</u>	<u>(56,889)</u>
Total	<u>\$ 2,773</u>	<u>\$ 8,256</u>

**NOTE 4: PAYCHECK PROTECTION PROGRAM LOAN**

The Organization received a paycheck protection program (PPP) loan of \$244,683 bearing interest of 1% with a maturity date of May 2022 which it accounts for under FASB 470. Based on the guidance in *FASB ASC 405-20-40-1*, the proceeds from the loan will remain recorded as a liability until either (1) the loan is, in part or wholly, forgiven and the Organization has been "legally released" or (2) the Organization pays off the loan. Future payments due under this loan are as follows for the years ended June 30:

2021	\$ 94,191
2022	<u>150,492</u>
Total	<u>\$ 244,683</u>

The Organization may be eligible for forgiveness of some or all of this loan. Guidance related to this program is evolving, and it remains possible that final forgiveness amounts may vary or that no forgiveness will be offered. The SBA reserves the right to audit any forgiveness granted, and such audit activity, if any, may result in changes to amounts forgiven or a requirement to return funds received under the program.

**NOTE 5: 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:

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Notes to the Financial Statements  
For the Year Ended June 30, 2020  
(With Comparative Totals for the Year Ended June 30, 2019)

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2021	\$ 42,000
2022	<u>35,000</u>
Total	<u>\$ 77,000</u>

Rent for the years ended June 30, 2020 and 2019 was \$55,187 and \$42,000, respectively.

**NOTE 6: 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 7: CONCENTRATIONS**

**Support and Revenue**

During the year ended June 30, 2020, the Organization received approximately 58% of its support and revenue from two funders.

**NOTE 8: NET ASSETS WITH DONOR RESTRICTIONS**

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

	<u>2020</u>	<u>2019</u>
Purpose restriction	\$ 86,250	\$ 123,045
Future periods	<u>-</u>	<u>30,000</u>
Total	<u>\$ 86,250</u>	<u>\$ 153,045</u>

**NOTE 9: 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, 2020 and 2019, the Organization contributed \$22,995 and \$42,276 to the Plan, respectively.

**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, \$5,933 and \$35,504 was accounted for on a pass-through basis for the years ended June 30, 2020 and 2019, respectively.

**NOTE 11: RELATED PARTY ACTIVITY**

During the years ended June 30, 2020 and 2019 members of the board contributed \$458,919 and \$340,000, respectively, to the Organization. These amounts are included in donations and grants reported on the statement of activities.

MAPLIGHT

**Notes to the Financial Statements  
For the Year Ended June 30, 2020  
(With Comparative Totals for the Year Ended June 30, 2019)**

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**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, 2020 are:

Cash and cash equivalents	\$ 798,367
Certificates of deposit	207,953
Accounts receivable	19,890
Contributions receivable	1,800
Less purpose-restricted net assets	<u>(86,250)</u>
Total	<u>\$ 941,760</u>

**NOTE 13: SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events and has concluded that as of April 1, 2021, the date that the financial statements were available to be issued, there were no significant subsequent events to disclose beyond the following:

**Public Health Order - Coronavirus**

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus (the "COVID-19 outbreak") and the risks to the international community. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic and the Organization and the area it operates in was subject to a public health order related to COVID-19 coronavirus which affected activities of the Organization. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude of the effect that the pandemic will have on the Organization's financial condition, liquidity, and future results of operations. Management is actively monitoring the impact on its financial condition, liquidity, operations and workforce.