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CITIZENLINK AND CL FOUNDATION, INC.

CONSOLIDATED FINANCIAL STATEMENTS
With Independent Auditors' Report

September 30, 2014

CITIZENLINK AND CL FOUNDATION, INC.

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INDEPENDENT AUDITORS' REPORT

Board of Directors
CitizenLink and CL Foundation, Inc.
Colorado Springs, Colorado

We have audited the accompanying consolidated financial statements of CitizenLink and CL Foundation, Inc, which comprise the consolidated statement of financial position as of September 30, 2014, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the 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 auditor's 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 auditor considers internal control relevant to the entity'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 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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors
CitizenLink and CL Foundation, Inc.
Colorado Springs, Colorado

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of CitizenLink and CL Foundation, Inc. as of September 30, 2014, and the changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Capin Crouse LLP

Colorado Springs, Colorado
February 10, 2015

CITIZENLINK AND CL FOUNDATION, INC.

Consolidated Statement of Financial Position

September 30, 2014

ASSETS:

Cash and cash equivalents	\$ 2,158,836
Prepaid expenses	82,080
Accounts receivable	30,709
Equipment and software–net	<u>150,921</u>

Total Assets	<u><u>\$ 2,422,546</u></u>
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LIABILITIES AND NET ASSETS:

Liabilities:

Accounts payable	\$ 140,110
Accrued expenses	<u>84,134</u>
	224,244

Net assets:

Unrestricted:

Operating	1,517,290
Board designated–general reserve	500,000
Equity in equipment and software	<u>150,921</u>
	2,168,211

Temporarily restricted–voter guide	<u>30,091</u>
	<u>2,198,302</u>

Total Liabilities and Net Assets	<u><u>\$ 2,422,546</u></u>
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See notes to consolidated financial statements

CITIZENLINK AND CL FOUNDATION, INC.

Consolidated Statement of Activities

Year Ended September 30, 2014

	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE:			
Contributions	\$ 5,419,049	\$ 48,243	\$ 5,467,292
Membership dues	30,497	-	30,497
Other income	150,307	-	150,307
	5,599,853	48,243	5,648,096
NET ASSETS RELEASED:			
Purpose restrictions	18,152	(18,152)	-
EXPENSES:			
Program services:			
Citizenship	4,658,666	-	4,658,666
Supporting activities:			
General and administrative	333,369	-	333,369
Fund-raising	229,952	-	229,952
	563,321	-	563,321
Total Expenses	5,221,987	-	5,221,987
Change in Net Assets	396,018	30,091	426,109
Net Assets, Beginning of Year	1,772,193	-	1,772,193
Net Assets, End of Year	\$ 2,168,211	\$ 30,091	\$ 2,198,302

See notes to consolidated financial statements

CITIZENLINK AND CL FOUNDATION, INC.

Consolidated Statement of Cash Flows

Year Ended September 30, 2014

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ 426,109
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation	25,800
Change in operating assets and liabilities:	
Accounts receivable	31,418
Prepaid expenses	(7,879)
Accounts payable	(104,388)
Accrued expenses	(8,592)
Deferred revenue	(9,028)
Net Cash Provided by Operating Activities	<u>353,440</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchases of equipment and software	<u>(175,000)</u>
Net Cash Used by Investing Activities	<u>(175,000)</u>

Change in Cash and Cash Equivalents 178,440

Cash and Cash Equivalents, Beginning of Year 1,980,396

Cash and Cash Equivalents, End of Year \$ 2,158,836

See notes to consolidated financial statements

CITIZENLINK AND CL FOUNDATION, INC.

Notes to Consolidated Financial Statements

September 30, 2014

1. NATURE OF ORGANIZATION:

CitizenLink was organized as a religious corporation under the Colorado Nonprofit Corporation Act for religious purposes. CitizenLink was formed for the express purpose of spreading the gospel of Jesus Christ, and to provide an educational service to parents and others who are concerned with healthy family living, toward the end of strengthening the family in its varied dimensions.

CitizenLink is active in the promotion of social welfare by addressing the Christian community and the Christian's responsibility in the public policy arena, both locally and nationally. CitizenLink uses regular media channels, such as radio, video, the internet, and events to discuss critical legislation and policy matters that significantly impact Christian world view issues. CitizenLink is a membership organization that is supported by members who are dedicated to the defense of moral values and the institution of the family. Membership is open to the public and is attained by the annual affirmation of joining as a member and paying the annual membership dues of \$1. CitizenLink operates under Section 501(c)(4) of the Internal Revenue Code. As such, contributions made to CitizenLink are not tax-deductible for federal income tax purposes. CitizenLink's primary source of revenue is from contributions from its members.

CL Foundation, Inc. was organized in 2014 to inspire and educate biblical citizens, equip statesmen, and serve a national association, all committed to a nation where God is honored, religious freedom flourishes, families thrive, and life is cherished. CL Foundation, Inc. is organized as a nonprofit religious corporation under the laws of Colorado and operates under Section 501(c)(3) of the Internal Revenue Code and is not a private foundation under Section 509(a). CL Foundation, Inc. is a legally recognized entity that CitizenLink operates. Both organizations have common board members and officers, as well as common management.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the consolidated financial resources and activities of CitizenLink and CL Foundation, Inc. (collectively referred to as CL). All material transactions and balances between the entities have been eliminated in the consolidation.

2. SUMMARY OF ACCOUNTING POLICIES:

CL maintains its accounts and prepares its consolidated financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of any contingent assets and liabilities at the date of the consolidated financial statements, and the reported revenues and expenses during the reporting period. Actual results could differ from the estimates. The significant accounting policies followed are described below to enhance the usefulness of the consolidated financial statements to the reader.

CITIZENLINK AND CL FOUNDATION, INC.

Notes to Consolidated Financial Statements

September 30, 2014

2. SUMMARY OF ACCOUNTING POLICIES, continued:

CASH AND CASH EQUIVALENTS

CL considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents include amounts held in non-interest bearing checking accounts. These accounts may, at times, exceed federally insured limits. CL has not experienced any losses in such accounts.

EQUIPMENT AND SOFTWARE

Equipment and software is recorded on the basis of cost, or estimated fair value if donated. CL capitalizes purchases in excess of \$2,500, with lesser amounts expensed in the year purchased. Depreciation is provided using the straight-line method over 3-7 years. Accumulated depreciation was \$37,208 as of September 30, 2014.

CLASSES OF NET ASSETS

The consolidated financial statements report amounts separately by class of net assets.

Unrestricted net assets include resources that are used to support current operations, reserves and purposes identified by the board of directors, and amounts invested in equipment and software.

Temporarily restricted net assets include donor-restricted contributions for specified exempt purposes. Significant programs supported by donors included in temporarily restricted net assets are support for specific projects.

SUPPORT AND REVENUE

Contributions are recognized as income when made, which may be when cash is received or unconditionally promised, or when ownership of donated assets is transferred. Contributions restricted by the donor for a specific purpose are recorded as support in the temporarily restricted class of net assets until the donor restriction has been met. Upon satisfaction of the restriction, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities as net assets released from restrictions. Contributions and membership dues made to organizations that have received a 501(c)(4) designation by the Internal Revenue Service, such as CitizenLink, are not tax-deductible for federal income tax purposes.

FUNCTIONAL ALLOCATION OF EXPENDITURES

The cost of providing the various programs has been summarized on a functional basis in the consolidated statement of activities. Accordingly, certain costs have been allocated among the program services and supporting activities benefited.

CONCENTRATIONS

CL received contributions of \$2,425,000, approximately 43% of total support and revenue, from one organization during the year ended September 30, 2014.

CITIZENLINK AND CL FOUNDATION, INC.

Notes to Consolidated Financial Statements

September 30, 2014

2. SUMMARY OF ACCOUNTING POLICIES, continued:

UNCERTAIN TAX POSITIONS

The consolidated financial statement effects of a tax position taken or expected to be taken are recognized in the consolidated financial statements when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. Interest and penalties, if any, are included in expenses in the consolidated statements of activities. As of September 30, 2014, CL had no uncertain tax positions that qualify for recognition or disclosure in the consolidated financial statements.

CL's federal Exempt Organization Business Income Tax Returns for years ended September 30, 2013, 2012, and 2011 are subject to examination by the IRS, generally for three years after they were filed.

3. RETIREMENT PLAN:

CL sponsors a defined contribution retirement plan under section 401(k) of the Internal Revenue Code covering substantially all regular, full-time employees meeting eligibility requirements. CL provides a discretionary matching contribution from 3% to 6% of participant compensation, depending on years of service. It is CL's policy to fund retirement plan costs. Total employer contributions to the plan were \$40,115 for the year ended September 30, 2014.

4. ALLOCATION OF JOINT COSTS:

During the year ended September 30, 2014, CL incurred joint costs for informational materials and activities that included fund-raising appeals. These programs include various newsletters, videos, and constituent relations. Costs associated with the various programs have been allocated in the consolidated statement of activities according to their functional classification as follows:

Program services:	
Citizenship	\$ 914,935
Fund-raising	<u>48,155</u>
	<u>\$ 963,090</u>

CITIZENLINK AND CL FOUNDATION, INC.

Notes to Consolidated Financial Statements

September 30, 2014

5. COMMITMENTS:

During the year ended September 30, 2014, CL entered into various agreements with service providers for rent, email, and administrative services. Related expenses for the year ended September 30, 2014 were \$354,603. Future minimum payments under these agreements as of September 30, 2014, are:

<u>Year Ending September 30,</u>	
2015	\$ 130,455
2016	130,455
2017	<u>130,455</u>
	<u>\$ 391,365</u>

6. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through the report date, which represents the date the consolidated financial statements were available to be issued. Subsequent events after that date have not been evaluated.

SUPPLEMENTARY INFORMATION

**INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY INFORMATION**

Board of Directors
CitizenLink and CL Foundation, Inc.
Colorado Springs, Colorado

We have audited the consolidated financial statements of CitizenLink and CL Foundation, Inc. as of and for the year ended September 30, 2014, and have issued our report thereon dated January 28, 2015, which contained an unmodified opinion on those consolidated financial statements. Our audit was performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statement of financial position and consolidating statement of activities are presented for the purpose of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Capin Crouse LLP

Colorado Springs, Colorado
February 10, 2015

CITIZENLINK AND CL FOUNDATION, INC.

Consolidating Statement of Financial Position

September 30, 2014

	CitizenLink	CL Foundation, Inc.	Eliminations	Total
ASSETS:				
Cash and cash equivalents	\$ 2,126,393	\$ 32,443	\$ -	\$ 2,158,836
Prepaid expenses	82,080	-	-	82,080
Accounts receivable	62,478	-	(31,769)	30,709
Equipment and software–net	150,921	-	-	150,921
Total Assets	<u>\$ 2,421,872</u>	<u>\$ 32,443</u>	<u>\$ (31,769)</u>	<u>\$ 2,422,546</u>
LIABILITIES AND NET ASSETS:				
Liabilities:				
Accounts payable	\$ 140,110	\$ 31,769	\$ (31,769)	\$ 140,110
Accrued expenses	84,134	-	-	84,134
	224,244	31,769	(31,769)	224,244
Net assets:				
Unrestricted:				
Operating	1,546,707	(29,417)	-	1,517,290
Board designated– general reserve	500,000	-	-	500,000
Equity in equipment and software	150,921	-	-	150,921
	2,197,628	(29,417)	-	2,168,211
Temporarily restricted– voter guide	-	30,091	-	30,091
	2,197,628	674	-	2,198,302
Total Liabilities and Net Assets	<u>\$ 2,421,872</u>	<u>\$ 32,443</u>	<u>\$ (31,769)</u>	<u>\$ 2,422,546</u>

CITIZENLINK AND CL FOUNDATION, INC.

Consolidating Statement of Activities

Year Ended September 30, 2014

	CitizenLink	CL Foundation, Inc.	Eliminations	Total
SUPPORT AND REVENUE:				
Contributions	\$ 5,419,049	\$ 48,243	\$ -	\$ 5,467,292
Membership dues	30,497	-	-	30,497
Other income	150,307	-	-	150,307
	5,599,853	48,243	-	5,648,096
EXPENSES:				
Program services:				
Citizenship	4,640,514	18,152	-	4,658,666
Supporting activities:				
General and administrative	303,952	29,417	-	333,369
Fund-raising	229,952	-	-	229,952
	533,904	29,417	-	563,321
Total Expenses	5,174,418	47,569	-	5,221,987
Change in Net Assets	425,435	674	-	426,109
Net Assets, Beginning of Year	1,772,193	-	-	1,772,193
Net Assets, End of Year	\$ 2,197,628	\$ 674	\$ -	\$ 2,198,302