

HOUSE REPUBLICAN CAMPAIGN COMMITTEE

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2019

**HOUSE REPUBLICAN CAMPAIGN COMMITTEE
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2019**

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
STATEMENT OF FINANCIAL POSITION—CASH BASIS	3
STATEMENT OF RECEIPTS AND DISBURSEMENTS—CASH BASIS	4
NOTES TO FINANCIAL STATEMENTS	5



INDEPENDENT AUDITORS' REPORT

Campaign Committee
House Republican Campaign Committee
St. Paul, Minnesota

We have audited the accompanying financial statements of House Republican Campaign Committee, which comprise the statement of financial position—cash basis, as of December 31, 2019, and the related statement of receipts and disbursements—cash basis 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 the cash basis of accounting described in Note 2; this includes determining that the cash basis of accounting is an acceptable basis of the preparation of the financial statements in the circumstances. Management is also responsible for 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 auditors' 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.

Campaign Committee
House Republican Campaign Committee
St. Paul, Minnesota

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of as of December 31, 2019, and the changes in its net assets for the year then ended in accordance with the basis of accounting as described in Note 2.

Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.



CliftonLarsonAllen LLP

Minneapolis, Minnesota
April 24, 2020

**HOUSE REPUBLICAN CAMPAIGN COMMITTEE
STATEMENT OF FINANCIAL POSITION
CASH BASIS
DECEMBER 31, 2019**

ASSETS

Cash and Cash Equivalents

\$ 318,017

NET ASSETS - WITHOUT RESTRICTIONS

\$ 318,017

See accompanying Notes to Financial Statements.

**HOUSE REPUBLICAN CAMPAIGN COMMITTEE
STATEMENT OF RECEIPTS AND DISBURSEMENTS
CASH BASIS
YEAR ENDED DECEMBER 31, 2019**

RECEIPTS

Contributions	\$ 935,620
Refunds	1,627
Interest Income	80
Total Receipts	<u>937,327</u>

DISBURSEMENTS

Program:	
Political Events and Travel	46,977
Administrative:	
Payroll and Contractors	154,001
Rent	22,089
Consulting - Compliance	12,133
Professional Fees	10,356
Other	40,200
Total Administrative	<u>238,779</u>
Fundraising:	
Direct Mail	295,210
Event Expense	40,132
Postage	18,452
Other	3,435
Total Fundraising	<u>357,229</u>
Total Disbursements	<u>642,985</u>

RECEIPTS LESS DISBURSEMENTS

294,342

Net Assets Without Restrictions - Beginning of Year

23,675

NET ASSETS WITHOUT RESTRICTIONS - END OF YEAR

\$ 318,017

See accompanying Notes to Financial Statements.

**HOUSE REPUBLICAN CAMPAIGN COMMITTEE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 1 SUMMARY OF ORGANIZATION

House Republican Campaign Committee (HRCC) is an unincorporated nonprofit organization. The purpose of HRCC is to solicit and accept voluntary contributions and to make expenditures from contributions received and to support the nomination and election of candidates for state office who HRCC believes will effectively help to address the policy concerns of the contributors to HRCC.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

HRCC prepares its financial statements on the cash basis of accounting. Under this basis, revenues are recognized when collected rather than when earned, and expenses are recognized when paid rather than when incurred.

Income Tax Status

HRCC is exempt from federal income taxes under Section 527 of the Internal Revenue Code. This section does not exempt taxation from investment income if the investment income exceeds \$100. The 2019 investment income did not exceed \$100. Management has concluded that HRCC has properly maintained its exempt status, and there are no uncertain tax positions as of December 31, 2019.

Cash and Cash Equivalents

HRCC considers all liquid instruments with a maturity of three months or less when purchased to be cash and cash equivalents. At times, HRCC maintains cash balances in excess of Federal Deposit Insurance Corporation insurance limit. HRCC has not experienced any losses in these accounts and believes it is not exposed to any significant credit risk on its cash and cash equivalents.

Net Assets Without Restrictions

All contributions received are without restrictions consist of funds that are currently available to support all HRCC's activities.

Functional Expenses

HRCC directly charges expenses to the applicable program, administrative or fundraising category based on the direct relationship of the expense to that category. No expenses are allocated.

NOTE 3 LIQUIDITY AND AVAILABILITY

HRCC monitors liquidity required to meet its operating needs and other contractual commitments over the two year election cycle. HRCC considers all expenditures related to its ongoing activities of supporting the nomination and election of candidates for state elective public office who HRCC believes will effectively help to address the policy concerns of the contributors to HRCC to be general expenditures.

**HOUSE REPUBLICAN CAMPAIGN COMMITTEE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 3 LIQUIDITY AND AVAILABILITY (CONTINUED)

Total liquidity as of December 31, 2019:

Checking	\$ 78,909
Savings	239,108
Total	<u><u>\$ 318,017</u></u>

NOTE 4 LEASES

HRCC entered into a five year lease for office space, which began August 1, 2019 and was expected to terminate on July 31, 2024. This lease has certain rent escalation clauses and requires additional amounts for operating expenses.

Minimum base operating expenses are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2020	\$ 9,153
2021	9,500
2022	9,846
2023	10,193
2024	6,064
Total	<u><u>\$ 44,756</u></u>

NOTE 4 SUBSEQUENT EVENTS

Management evaluated subsequent events through April 24, 2020 the date the financial statements were available to be issued. Events or transactions occurring after December 31, 2019, but prior to April 24, 2020 that provide additional evidence about conditions that existed at December 31, 2019, have been recognized in the financial statements for the year ended December 31, 2019. Events or transactions that provided evidence about conditions that did not exist at December 31, 2019 but arose before the financial statements were available to be issued have not been recognized in the financial statements for the year ended December 31, 2019.

Subsequent to year-end, a pandemic of the Corona Virus (COVID-19) was declared by the World Health Organization. Future events, meetings and associated revenue and expenses of the HRCC are uncertain due to the potential impact. This could also impact transactions relating to customers and vendors. As of April 24, 2020, the amount and likelihood of loss relating to these events is not determined.