

**DÉMOS: A NETWORK FOR IDEAS AND ACTION, LTD.**

**FINANCIAL STATEMENTS**

June 30, 2015 and 2014

## CONTENTS

Independent Auditor's Report.....	1
Statements of Financial Position.....	3
Statements of Activities.....	4
Statements of Functional Expenses.....	6
Statements of Cash Flows.....	8
Notes to Financial Statements.....	9



## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
Dēmos: A Network for Ideas and Action, Ltd.  
New York, New York

We have audited the accompanying financial statements of Dēmos: A Network for Ideas and Action, Ltd., which comprise the statement of financial position as of June 30, 2015, and 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 Dēmos: A Network for Ideas and Action, Ltd. as of June 30, 2015, 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.

New York Office:  
230 Park Avenue, 10<sup>th</sup> Floor  
New York, NY 10146  
P: (212) 551-1724  
F: (262) 522-7550

Washington DC Office:  
400 North Washington Street  
Second Floor  
Alexandria, VA 22314  
P: (703) 519-0990

Wisconsin Office:  
2110 Luann Lane  
Madison, WI 53713  
P: (608) 274-4020  
F: (608) 274-0775

[www.wegnercpas.com](http://www.wegnercpas.com)  
[info@wegnercpas.com](mailto:info@wegnercpas.com)  
(888) 204-7665

***Prior Period Financial Statements***

The financial statements of Dēmos: A Network for Ideas and Action, Ltd. as of June 30, 2014, were audited by other auditors whose report dated October 30, 2014, expressed an unmodified opinion on those statements.

*Wegner CPAs LLP*

Wegner CPAs, LLP  
Madison, Wisconsin  
October 23, 2015

**DÉMOS: A NETWORK FOR IDEAS AND ACTION, LTD.**  
**STATEMENTS OF FINANCIAL POSITION**  
June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
Cash and cash equivalents (Note 2)	\$ 2,402,328	\$ 2,417,185
Contributions receivable (Note 3)	1,714,360	3,093,375
Other receivables	96,491	83,622
Prepaid expenses and other assets	313,781	273,438
Property and equipment - net (Note 4)	<u>153,619</u>	<u>142,066</u>
<b>Total assets</b>	<u>\$ 4,680,579</u>	<u>\$ 6,009,686</u>
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 421,278	\$ 198,897
Lease payable (Note 7)	67,139	106,362
Deferred rent (Note 9)	120,949	184,266
Deferred revenue	<u>17,736</u>	<u>21,880</u>
<b>Total liabilities</b>	627,102	511,405
<b>NET ASSETS</b>		
Unrestricted	210,372	60,520
Temporarily restricted (Note 6)	<u>3,843,105</u>	<u>5,437,761</u>
<b>Total net assets</b>	<u>4,053,477</u>	<u>5,498,281</u>
<b>Total liabilities and net assets</b>	<u>\$ 4,680,579</u>	<u>\$ 6,009,686</u>

See accompanying notes.

**DÈMOS: A NETWORK FOR IDEAS AND ACTION, LTD.**  
**STATEMENT OF ACTIVITIES**  
Year ended June 30, 2015

	Unrestricted	Temporarily Restricted	Total
<b>SUPPORT AND OTHER REVENUE</b>			
Contributions	\$ 3,944,905	\$ 2,880,393	\$ 6,825,298
Special event	384,595	-	384,595
Less costs of direct benefits to donors	(144,638)	-	(144,638)
Honorarium and book sales	13,050	-	13,050
Rental revenue	196,387	-	196,387
Interest income	4,829	-	4,829
In-kind revenue	1,502	-	1,502
Other income	166,523	-	166,523
<b>Total support and other revenue</b>	<b>4,567,153</b>	<b>2,880,393</b>	<b>7,447,546</b>
<b>EXPENSES</b>			
Program services			
Freedom to Vote	2,121,811	-	2,121,811
Upward Mobility Program	1,299,603	-	1,299,603
Money in Politics Program	995,880	-	995,880
Fellows Program	667,351	-	667,351
New Economic Paradigms	700,140	-	700,140
Affiliated Programs	758,199	-	758,199
Supporting activities			
Management and general	1,438,501	-	1,438,501
Fundraising	910,865	-	910,865
<b>Total expenses</b>	<b>8,892,350</b>	<b>-</b>	<b>8,892,350</b>
<b>Net assets released from restrictions</b>	<b>4,475,049</b>	<b>(4,475,049)</b>	<b>-</b>
<b>Change in net assets</b>	<b>149,852</b>	<b>(1,594,656)</b>	<b>(1,444,804)</b>
<b>Net assets - beginning of year</b>	<b>60,520</b>	<b>5,437,761</b>	<b>5,498,281</b>
<b>Net assets - end of year</b>	<b>\$ 210,372</b>	<b>\$ 3,843,105</b>	<b>\$ 4,053,477</b>

See accompanying notes.

**DÉMOS: A NETWORK FOR IDEAS AND ACTION, LTD.**  
**STATEMENT OF ACTIVITIES**  
Year ended June 30, 2014

	Unrestricted	Temporarily Restricted	Total
<b>SUPPORT AND OTHER REVENUE</b>			
Contributions	\$ 3,707,239	\$ 3,688,260	\$ 7,395,499
Special event	343,380	-	343,380
Less costs of direct benefits to donors	(118,893)	-	(118,893)
Honorarium and book sales	1,750	-	1,750
Rental revenue	209,285	-	209,285
Interest income	1,642	-	1,642
Other income	150,779	-	150,779
<b>Total support and other revenue</b>	<b>4,295,182</b>	<b>3,688,260</b>	<b>7,983,442</b>
<b>EXPENSES AND LOSSES</b>			
Program services			
Freedom to Vote	2,266,498	-	2,266,498
Upward Mobility Program	902,695	-	902,695
Money in Politics Program	742,274	-	742,274
Fellows Program	717,705	-	717,705
New Economic Paradigms	1,010,931	-	1,010,931
Affiliated Programs	631,103	-	631,103
Supporting activities			
Management and general	1,106,298	-	1,106,298
Fundraising	684,509	-	684,509
<b>Total expenses</b>	<b>8,062,013</b>	<b>-</b>	<b>8,062,013</b>
Loss on write-off of due from related company	1,019,998	-	1,019,998
<b>Total expenses and losses</b>	<b>9,082,011</b>	<b>-</b>	<b>9,082,011</b>
Net assets released from restrictions	4,806,608	(4,806,608)	-
<b>Change in net assets</b>	<b>19,779</b>	<b>(1,118,348)</b>	<b>(1,098,569)</b>
Net assets - beginning of year	40,741	6,556,109	6,596,850
<b>Net assets - end of year</b>	<b>\$ 60,520</b>	<b>\$ 5,437,761</b>	<b>\$ 5,498,281</b>

See accompanying notes.

**DÉMOS: A NETWORK FOR IDEAS AND ACTION, LTD.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
Year ended June 30, 2015

	Program Services						Supporting Activities					
	Freedom to Vote	Upward Mobility	Money in Politics	Fellows	New Economic Paradigms	Affiliated Programs	Total Program Services	Management and General	Fundraising	Costs of Direct Benefits to Donors	Total Supporting Activities	Total
Salaries and wages	\$ 939,748	\$ 662,615	\$ 465,207	\$ 462,156	\$ 366,039	\$ 261,122	\$ 3,216,866	\$ 687,611	\$ 544,377	\$ -	\$ 1,231,988	\$ 4,448,874
Payroll taxes and employee benefits	235,866	153,802	100,961	67,894	97,636	61,983	718,142	157,897	120,152	-	278,049	996,191
Collaborations - publications and research	405,250	150,000	122,750	-	15,000	10,000	703,000	-	-	-	-	703,000
Professional and consulting fees	87,195	47,165	84,671	23,287	23,218	326,756	592,292	189,191	22,938	-	212,129	804,421
Occupancy	190,610	134,466	86,271	87,235	68,783	4,019	573,384	131,740	106,227	-	237,967	811,351
Travel	113,102	33,941	61,947	10,998	15,875	52,985	268,848	58,290	28,030	-	86,320	375,168
Supplies and office expense	9,450	6,832	4,478	3,629	3,423	5,710	33,522	12,483	4,716	-	17,209	50,731
Meetings and conferences	8,392	3,431	8,329	1,223	1,607	5,013	27,995	51,261	2,184	-	53,445	61,440
Depreciation and amortization	13,948	9,801	6,462	6,401	4,884	-	41,596	9,612	7,780	-	17,392	58,888
Telecommunications	18,367	11,342	7,485	7,228	5,866	1,104	51,392	13,910	11,674	-	25,584	76,976
Utilities	8,438	6,043	3,902	3,821	3,159	3,408	25,363	5,903	4,688	-	10,591	35,954
Printing and reproduction	5,582	4,645	2,543	2,411	2,050	3,408	9,373	6,179	16,057	-	22,236	42,875
Postage and delivery	2,769	1,551	1,959	1,161	780	1,133	3,361	3,465	3,361	-	6,826	16,199
Dues and subscriptions	35,242	29,286	5,426	2,567	3,713	1,351	77,585	21,144	6,859	-	28,003	105,688
Computer expense	11,614	4,250	3,891	4,267	2,990	2,200	29,212	20,906	11,860	-	32,766	61,978
Repairs and maintenance	10,197	7,361	4,712	4,591	3,891	8	30,760	6,908	5,421	-	12,329	43,089
Fundraising events	-	-	-	-	-	1,407	-	-	14,541	-	144,638	144,638
Other	26,021	13,072	22,866	11,271	28,338	1,407	102,995	61,991	-	-	76,532	179,527
Total expenses	2,121,811	1,299,603	995,880	700,140	667,351	758,199	6,542,984	1,438,501	910,865	144,638	2,494,004	9,036,988
Less expenses included with support and other revenue on the statement of activities	-	-	-	-	-	-	-	-	-	(144,638)	(144,638)	(144,638)
Total expenses included in the expenses section on the statement of activities	\$ 2,121,811	\$ 1,299,603	\$ 995,880	\$ 700,140	\$ 667,351	\$ 758,199	\$ 6,542,984	\$ 1,438,501	\$ 910,865	\$ -	\$ 2,349,366	\$ 8,892,350

See accompanying notes.



**DÉMOS: A NETWORK FOR IDEAS AND ACTION, LTD.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
 Year ended June 30, 2014

	Program Services						Supporting Activities					
	Freedom to Vote	Upward Mobility	Money in Politics	Fellows	New Economic Paradigms	Affiliated Programs	Total Program Services	Management and General	Fundraising	Costs of Direct Benefits to Donors	Total Supporting Activities	
Salaries and wages	\$ 843,982	\$ 459,305	\$ 417,701	\$ 465,938	\$ 494,261	\$ 273,931	\$ 2,955,129	\$ 556,472	\$ 412,184	\$ -	\$ 968,656	\$ 3,923,785
Payroll taxes and employee benefits	203,365	90,659	84,908	58,536	120,290	57,638	615,396	128,119	85,534	-	213,663	829,049
Collaborations - publications and research	750,000	129,000	-	-	20,000	64,743	963,743	-	-	-	-	963,743
Professional and consulting fees	36,787	29,231	58,756	30,794	103,242	181,383	440,193	104,056	4,512	-	108,568	548,761
Occupancy	176,676	97,359	81,159	100,450	125,326	250	581,220	115,664	89,211	-	204,875	786,095
Travel	110,570	28,949	35,709	5,639	31,099	38,411	250,377	16,343	12,850	-	29,193	279,570
Supplies and office expense	9,486	4,889	4,156	5,205	6,653	1,164	31,563	9,217	3,734	-	12,951	44,514
Meetings and conferences	14,913	8,197	8,358	6,347	47,384	3,494	88,693	24,938	13,974	-	38,912	127,605
Depreciation and amortization	15,640	8,682	7,212	9,088	11,295	500	52,377	8,850	7,982	-	16,842	69,219
Telecommunications	15,557	8,067	6,688	8,383	10,341	1,575	50,621	13,731	6,968	-	20,699	71,310
Utilities	6,538	3,609	3,009	3,732	4,680	-	21,568	4,330	3,312	-	7,642	29,210
Printing and reproduction	11,242	5,466	6,746	5,377	6,847	2,699	38,377	7,673	10,155	-	17,828	56,205
Postage and delivery	3,208	1,510	963	1,177	2,530	532	9,920	3,635	3,910	-	7,545	17,465
Dues and subscriptions	29,847	4,691	3,813	2,504	4,811	249	45,915	5,415	3,443	-	8,858	54,773
Computer expense	6,305	7,137	4,176	2,078	3,096	3,603	26,395	22,623	7,440	-	30,063	56,458
Repairs and maintenance	12,859	7,091	5,900	7,450	9,159	-	42,459	14,582	8,834	-	23,426	65,885
Fundraising events	-	-	-	-	-	-	-	-	-	-	-	-
Other	19,503	8,872	13,020	5,017	9,917	931	57,260	70,640	10,466	118,893	118,893	138,356
<b>Total expenses</b>	<b>2,266,498</b>	<b>902,695</b>	<b>742,274</b>	<b>717,705</b>	<b>1,010,931</b>	<b>631,103</b>	<b>6,271,206</b>	<b>1,106,298</b>	<b>684,509</b>	<b>118,893</b>	<b>1,909,700</b>	<b>8,180,906</b>
Less expenses included with support and other revenue on the statement of activities	-	-	-	-	-	-	-	-	-	(118,893)	(118,893)	(118,893)
<b>Total expenses included in the expenses section on the statement of activities</b>	<b>\$ 2,266,498</b>	<b>\$ 902,695</b>	<b>\$ 742,274</b>	<b>\$ 717,705</b>	<b>\$ 1,010,931</b>	<b>\$ 631,103</b>	<b>\$ 6,271,206</b>	<b>\$ 1,106,298</b>	<b>\$ 684,509</b>	<b>\$ -</b>	<b>\$ 1,790,807</b>	<b>\$ 8,062,013</b>

See accompanying notes.

**DÉMOS: A NETWORK FOR IDEAS AND ACTION, LTD.**  
**STATEMENTS OF CASH FLOWS**  
Years ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (1,444,804)	\$ (1,098,569)
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation and amortization	58,988	69,219
Amortization of deferred rent	(63,317)	(43,399)
Write off due from related company	-	1,019,998
(Increase) decrease in assets		
Contributions receivable	1,379,015	1,186,432
Other receivables	(12,869)	(75,202)
Prepaid expenses and other assets	(40,343)	(68)
Due from related company	-	4,167
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	222,381	(13,697)
Deferred revenue	(4,144)	21,880
	<u>94,907</u>	<u>1,070,761</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(70,541)	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal portion of lease payable payments	<u>(39,223)</u>	<u>(38,447)</u>
<b>Net change in cash</b>	(14,857)	1,032,314
Cash and cash equivalents - beginning of year	<u>2,417,185</u>	<u>1,384,871</u>
<b>Cash and cash equivalents - end of year</b>	<u><u>\$ 2,402,328</u></u>	<u><u>\$ 2,417,185</u></u>

See accompanying notes.

**DĒMOS: A NETWORK FOR IDEAS AND ACTION, LTD.**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015 and 2014

---

---

Dēmos: A Network for Ideas and Action, Ltd. (“Dēmos”) is a not-for-profit organization, incorporated in February 2000 under the laws of the State of New York. Dēmos is a public policy organization working for an America where we all have an equal say in our democracy and an equal chance in our economy. Our name means “the people.” It is the root word of democracy, and it reminds us that in America, the true source of our greatness is the diversity of our people. Our nation’s highest challenge is to create a democracy that truly empowers people of all backgrounds, so that we all have a say in setting the policies that shape opportunity and provide for our common future. To help America meet that challenge, Dēmos is working to reduce both political and economic inequality, deploying original research, advocacy, litigation, and strategic communications to create the America the people deserve.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

Dēmos is required to report information regarding its financial position and activities according to three classes of net assets:

*Unrestricted net assets*—Net assets that are not restricted by donors. Designations are voluntary board-approved segregations of unrestricted net assets for specific purposes, projects, or investments.

*Temporarily restricted net assets*—Net assets whose use has been limited by donor-imposed time restrictions or purpose restrictions.

*Permanently restricted net assets*—Net assets that have been restricted by donors to be maintained by Dēmos in perpetuity.

**Cash and Cash Equivalents**

For financial presentation purposes, Dēmos consider all highly liquid investments with original maturities of three months or less at the date of acquisition to be cash equivalents.

**Contributions Receivable**

Contributions are recorded as revenue upon the receipt of cash or unconditional pledges. Contributions are considered available for unrestricted use, unless specifically restricted by the donor. Conditional contributions are recorded when the specified conditions have been met. Contributions to be received over periods longer than a single year are discounted at an interest rate commensurate with risk involved if material to the financial statements.

**Property and Equipment**

Property and equipment are stated at their original costs or at their fair values at the dates of donation. Depreciation is provided using the straight-line method over the estimated useful lives of 4 to 10 years. Expenditures for leasehold improvements are capitalized and amortized using the straight-line method over the shorter of the estimated useful life of the specific asset or the term of the lease. Costs incurred during the development of website to be used internally are capitalized and amortized using the straight-line method.

**DĚMOS: A NETWORK FOR IDEAS AND ACTION, LTD.**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015 and 2014

---

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Deferred Rent Liability**

Rent expense is recognized using the straight-line method over the terms of the lease. The difference between rent expense incurred and the amount paid, which is attributable to scheduled rent increases and rent abatement period, is reported as a deferred rent liability in the accompanying statements of financial position.

**Income Tax Status**

DĚmos is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

**Contributions**

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

**Honorarium and Other Revenue**

Honorarium, book sales, management fees and rental revenue are recognized based upon services rendered in accordance with contractual provisions.

**Expense Allocation**

The costs of providing DĚmos' various program services and supporting activities have been summarized on a functional basis in the accompanying statement of activities and statement of functional expenses. Accordingly, certain costs have been allocated among the program services and supporting activities in reasonable ratios determined by management.

**Estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**Date of Management's Review**

Management has evaluated subsequent events through October 23, 2015, the date which the financial statements were available to be issued.

**DĚMOS: A NETWORK FOR IDEAS AND ACTION, LTD.**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015 and 2014

---

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Reclassifications**

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

NOTE 2 – CONCENTRATION OF CREDIT RISK

Dēmos maintains its cash with three major banking institutions in amounts which, from time to time, may be in excess of federal insurance limits. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2015, Dēmos uninsured cash balances per bank statements amounted to \$2,131,797.

NOTE 3 – CONTRIBUTIONS RECEIVABLE

Contributions receivable consisted of the following at June 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Contributions receivable in less than one year	\$ 1,564,360	\$ 3,093,375
Contributions receivable in one to five years	<u>150,000</u>	<u>-</u>
Contributions receivable	<u>\$ 1,714,360</u>	<u>\$ 3,093,375</u>

There was a conditional contribution receivable to give at June 30, 2015 for \$150,000. This will be recognized as revenue when the conditions are met.

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Equipment	\$ 134,910	\$ 69,044
Leasehold improvements	33,574	28,899
Website developent	117,951	117,951
Furniture and fixtures	7,940	7,940
Capital lease	<u>138,102</u>	<u>138,102</u>
Property and equipment	432,477	361,936
Less accumulated depreciation	<u>(278,858)</u>	<u>(219,870)</u>
Property and equipment - net	<u>\$ 153,619</u>	<u>\$ 142,066</u>

**DĒMOS: A NETWORK FOR IDEAS AND ACTION, LTD.**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015 and 2014

**NOTE 5 – DUE FROM RELATED COMPANY**

On June 20, 2014, the Board of Trustees approved the write off as uncollectable and forgave the loan to American Prospect. As a result, the amount due from related company of \$1,019,998 was recognized and reported as loss on write-off of due from related company in the statement of activities for the year ended June 30, 2014.

**NOTE 6 – TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are available for the following purposes or periods at June 30:

	<u>2015</u>	<u>2014</u>
Freedom to Vote	\$ 1,059,222	\$ 1,636,234
Upward Mobility Program	510,949	620,000
Money in Politics Program	526,393	91,668
Fellows Program	-	372,425
New Economic Paradigm	144,530	210,000
Affiliated Programs	676,278	832,934
Subsequent years	588,333	1,674,500
Racial Equity	237,400	-
Democracy Project	100,000	-
	<u>\$ 3,843,105</u>	<u>\$ 5,437,761</u>

**NOTE 7 – CAPITAL LEASE**

Dēmos leases office equipment under a non-cancelable lease arrangement which is classified as a capital lease. The related cost and accumulated depreciation are included with property and equipment in the accompanying statements of financial position at June 30, 2015 and 2014 as follows:

	<u>2015</u>	<u>2014</u>
Capital lease	\$ 138,102	\$ 138,102
Less accumulated depreciation	<u>(92,369)</u>	<u>(64,749)</u>
Capital lease - net	<u>\$ 45,733</u>	<u>\$ 73,353</u>

**DĒMOS: A NETWORK FOR IDEAS AND ACTION, LTD.**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015 and 2014

**NOTE 7 – CAPITAL LEASE (continued)**

Future minimum payments under the capital lease together with the present value of the net minimum lease payments are reported as lease payable in the accompanying statements of financial position, and were as follows:

2016	\$	40,992
2017		27,328
Less amount representing interest		<u>(1,181)</u>
Lease payable	\$	<u><u>67,139</u></u>

**NOTE 8 – OPERATING LEASES**

Dēmos has entered into operating leases for the use of office facilities which expire through January 2017. Certain leases are subject to escalations for increases in real estate taxes and other operating expenses. Dēmos also sub-leases a portion of its office space to several unrelated not-for-profit organizations. As of June 30, 2015, minimum future obligations under the lease, net of amounts from sub-lease, are as follows:

	<u>Amount</u>	<u>Sub-lease Amount</u>	<u>Net Amount</u>
2016	\$ 810,562	\$ 168,724	\$ 641,838
2017	<u>313,578</u>	<u>5,400</u>	<u>308,178</u>
Total	<u><u>\$ 1,124,140</u></u>	<u><u>\$ 174,124</u></u>	<u><u>\$ 950,016</u></u>

Rent expense for fiscal years 2015 and 2014 was \$874,667 and \$829,495.

**NOTE 9 – RETIREMENT PLAN**

Dēmos maintains a contributory, defined-contribution 401(k) plan covering all employees who meet specific eligibility requirements. The plan is an elective, deferred-salary arrangement. Dēmos may contribute to the 401(k) plan on behalf of the employees, at the discretion of the Board of Directors. During fiscal years 2015 and 2014, Dēmos' contributions into the 401(k) plan, on behalf of active employees totaled \$43,635 and \$42,998.