

POLITICAL RESEARCH ASSOCIATES, INC.

FINANCIAL STATEMENTS

with

INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2006

POLITICAL RESEARCH ASSOCIATES, INC.

REPORT ON FINANCIAL STATEMENTS

DECEMBER 31, 2006

Mission Statement

*Political Research Associates is a progressive think tank devoted
to supporting movements that are building a more
just and inclusive democratic society.*

*We expose movements, institutions,
and ideologies that undermine
human rights.*

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POLITICAL RESEARCH ASSOCIATES, INC.

REPORT ON FINANCIAL STATEMENTS

DECEMBER 31, 2006

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Political Research Associates, Inc.
Somerville, Massachusetts

We have audited the accompanying statement of financial position of Political Research Associates, Inc. (a Massachusetts nonprofit corporation) as of December 31, 2006 and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of Political Research Associates, Inc.'s management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Political Research Associates, Inc. as of December 31, 2006, and the changes in their net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. The prior year financial statements were audited by other auditors, whose report, dated February 10, 2006, expressed an unqualified opinion on those financial statements.

Westborough, Massachusetts
May 14, 2007

POLITICAL RESEARCH ASSOCIATES, INC.

STATEMENTS OF FINANCIAL POSITION AS OF DECEMBER 31, 2006 AND 2005

ASSETS

	<u>2006</u>	<u>2005</u>
<u>CURRENT ASSETS:</u>		
Cash and Cash Equivalents <i>(Notes 3 and 5)</i>	\$391,985	\$573,270
Grants and Pledges Receivable, Current <i>(Notes 3 and 8)</i>	228,726	33,034
Prepaid Expenses and Other Current Assets	<u>4,793</u>	<u>3,871</u>
Total Current Assets	<u>625,504</u>	<u>610,175</u>
<u>PROPERTY AND EQUIPMENT:</u> <i>(Note 3)</i>		
Equipment	151,976	151,976
Library	18,021	18,021
Furniture and Fixtures	<u>12,530</u>	<u>12,530</u>
Subtotal	182,527	182,527
Less: Accumulated Depreciation	<u>(168,651)</u>	<u>(162,279)</u>
Net Property and Equipment	<u>13,876</u>	<u>20,248</u>
<u>OTHER ASSETS:</u>		
Deposits	12,249	12,249
Grants and Pledges Receivable, Non-Current <i>(Notes 3 and 8)</i>	<u>152,916</u>	<u>-</u>
Total Other Assets	<u>165,165</u>	<u>12,249</u>
<u>TOTAL ASSETS</u>	<u>\$804,545</u>	<u>\$642,672</u>

LIABILITIES AND NET ASSETS

<u>CURRENT LIABILITIES:</u>		
Accounts Payable	\$ 20,617	\$ 26,359
Accrued Payroll and Related Costs	34,456	12,226
Accrued Pension Contribution <i>(Note 5)</i>	19,736	18,269
Other Accrued Expenses	<u>8,029</u>	<u>7,930</u>
Total Current Liabilities	<u>82,838</u>	<u>64,784</u>
<u>TOTAL LIABILITIES</u>	<u>82,838</u>	<u>64,784</u>
<u>NET ASSETS:</u> <i>(Note 3)</i>		
Temporarily Restricted Net Assets	483,196	120,529
Unrestricted Net Assets	153,511	372,359
Unrestricted, Board Designated Operating Reserve Fund	<u>85,000</u>	<u>85,000</u>
Total Net Assets	<u>721,707</u>	<u>577,888</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$804,545</u>	<u>\$642,672</u>

POLITICAL RESEARCH ASSOCIATES, INC.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2006
(With Comparative Totals for 2005)

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL ACTIVITIES</u> <u>2006</u>	<u>2005</u>
<u>SUPPORT, REVENUES AND RECLASSIFICATIONS:</u>				
<i>Support and Revenues:</i>				
Grants and Contributions <i>(Note 8)</i>	\$ 477,581	\$455,000	\$932,581	\$516,673
Less Discount on Pledges <i>(Note 3)</i>	-	(14,584)	(14,584)	-
Program Revenue - Contracted Research	26,135	-	26,135	13,926
Special Events, Net of Direct Costs <i>(Note 4)</i>	5,557	-	5,557	-
Donated Goods and Services <i>(Note 7)</i>	6,190	-	6,190	-
Interest and Dividends	6,450	-	6,450	6,746
Loss on Investments	-	-	-	(975)
Other Income	<u>1,748</u>	<u>-</u>	<u>1,748</u>	<u>-</u>
Total Support and Revenues	523,661	440,416	964,077	536,370
<i>Reclassification of Net Assets:</i>				
Net Assets Released from Restrictions	<u>77,749</u>	<u>(77,749)</u>	<u>-</u>	<u>-</u>
<u>TOTAL SUPPORT, REVENUES AND RECLASSIFICATIONS</u>	<u>601,410</u>	<u>362,667</u>	<u>964,077</u>	<u>536,370</u>
<u>FUNCTIONAL EXPENSES:</u>				
Program	550,642	-	550,642	586,577
Administrative	123,356	-	123,356	81,445
Fund Raising	<u>146,260</u>	<u>-</u>	<u>146,260</u>	<u>111,637</u>
<u>TOTAL FUNCTIONAL EXPENSES</u>	<u>820,258</u>	<u>-</u>	<u>820,258</u>	<u>779,659</u>
<u>CHANGE IN NET ASSETS</u>	(218,848)	362,667	143,819	(243,289)
<u>NET ASSETS - BEGINNING OF YEAR</u>	<u>457,359</u>	<u>120,529</u>	<u>577,888</u>	<u>821,177</u>
<u>NET ASSETS - END OF YEAR</u>	<u>\$ 238,511</u>	<u>\$483,196</u>	<u>\$721,707</u>	<u>\$577,888</u>

POLITICAL RESEARCH ASSOCIATES, INC.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

	<u>2006</u>	<u>2005</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Change in Net Assets	\$ 143,819	\$(243,289)
<i>Adjustments to Reconcile the Above to Net Cash Provided by Operating Activities:</i>		
Depreciation Expense	6,372	8,765
Loss on Investment	-	975
Noncash Contributions - Stock	-	(31,067)
<i>(Increase) Decrease in Current Assets:</i>		
Grants and Pledges Receivable	(195,692)	87,966
Deposits	-	(29)
Prepaid Expenses and Other Current Assets	(922)	-
<i>Increase (Decrease) in Current Liabilities:</i>		
Accounts Payable and Accrued Expenses	(5,643)	(1,963)
Accrued Payroll	22,230	8,852
Accrued Pension Contribution	1,467	4,451
<i>(Increase) Decrease in Other Assets:</i>		
Grants and Pledges Receivable, Non-Current	<u>(152,916)</u>	<u>-</u>
Net Adjustment	<u>(325,104)</u>	<u>77,950</u>
<u>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>	<u>(181,285)</u>	<u>(165,339)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Equipment Purchases	-	(6,044)
Proceeds from Investment Sales	<u>-</u>	<u>90,486</u>
Net Cash Flows from Investing Activities	<u>-</u>	<u>84,442</u>
<u>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>	<u>(181,285)</u>	<u>(80,897)</u>
<u>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</u>	<u>573,270</u>	<u>654,167</u>
<u>CASH AND CASH EQUIVALENTS - END OF YEAR</u>	<u>\$ 391,985</u>	<u>\$ 573,270</u>
<u>SUPPLEMENTAL INFORMATION:</u>		
Interest and Finance Charges Paid	<u>\$ -</u>	<u>\$ -</u>
Income Taxes Paid	<u>\$ -</u>	<u>\$ -</u>

POLITICAL RESEARCH ASSOCIATES, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2006

(With Comparative Totals for 2005)

	<u>PROGRAM</u> <u>SERVICES</u>	<u>ADMINI-</u> <u>STRATIVE</u>	<u>FUND</u> <u>RAISING</u>	<u>TOTAL</u> <u>FUNCTIONAL EXPENSES</u>	
				<u>2006</u>	<u>2005</u>
Salaries and Wages	\$222,595	\$ 66,006	\$ 87,312	\$375,913	\$345,536
Payroll Taxes	20,365	6,039	7,988	34,392	33,440
Employee Benefits	22,065	6,543	8,655	37,263	35,806
Pension Expense <i>(Note 5)</i>	<u>11,137</u>	<u>3,303</u>	<u>4,368</u>	<u>18,808</u>	<u>18,269</u>
Total Personnel Costs	276,162	81,891	108,323	466,376	433,051
Professional Fees	-	16,024	-	16,024	8,356
Organizational Development	12,856	2,166	-	15,022	74,955
Outside Services/Consultants <i>(Notes 7 and 8)</i>	62,727	500	3,852	67,079	46,099
Travel and Conferences <i>(Notes 7 and 8)</i>	35,998	-	-	35,998	21,945
Printing and Design	32,567	3,742	9,251	45,560	24,242
Utilities	9,564	1,055	1,395	12,014	11,105
Depreciation Expense <i>(Note 3)</i>	5,734	319	319	6,372	8,765
Rent <i>(Note 6)</i>	77,330	8,528	11,281	97,139	93,671
General and Liability Insurance	3,873	1,148	1,519	6,540	4,025
Office Supplies <i>(Note 7)</i>	7,388	1,887	2,479	11,754	18,424
Telephone and Internet Access	3,142	346	458	3,946	5,347
Office Technology and Equipment	10,500	3,114	4,119	17,733	6,925
Postage and Delivery	8,066	202	1,815	10,083	10,896
Dues, Books and Subscriptions	4,735	-	-	4,735	3,124
Advertising and Promotion	-	125	-	125	4,212
Miscellaneous	<u>-</u>	<u>2,309</u>	<u>1,449</u>	<u>3,758</u>	<u>4,517</u>
Total Functional Expenses	<u>\$550,642</u>	<u>\$123,356</u>	<u>\$146,260</u>	<u>\$820,258</u>	<u>\$779,659</u>

POLITICAL RESEARCH ASSOCIATES, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2006

NOTE 1 ORGANIZATION

Midwest Research Archives was incorporated under the Laws and Statutes of the State of Illinois on June 24, 1982. In 1987, Midwest Research Archives changed its name to Political Research Associates, Inc. (hereinafter the "Organization" or "PRA"). The Organization then moved its operations and began doing business in Massachusetts. The Organization qualifies as a tax-exempt not-for-profit corporation under Section 501(c)(3) of the Internal Revenue Code. The Organization has been classified as an organization which is not a private foundation under Section 509(a); accordingly, contributions made to this Organization qualify for the maximum charitable deduction for federal income tax purposes.

NOTE 2 PROGRAM SERVICES

Political Research Associates, Inc. is an independent, nonprofit research center that studies anti-democratic authoritarian and other oppressive movements, institutions and trends. PRA is based on progressive values and committed to advancing an open, democratic and pluralistic society. PRA provides accurate, reliable research and analysis to activists, journalists, educators, policy makers and the general public.

Goal

Political Research Associates, Inc. seeks to advance progressive thinking and action by providing research-based information, analysis, and referrals.

PRA's Core Values

We conduct research of the highest quality and methodological rigor, and are committed to making our research and analysis readily available and accessible. Our work is even-handed, fact based, reliable, and not over-dramatized. Our commitment to mutual respect means that in our work, we do not caricature or demonize the followers of right-wing organizations, and we recognize the abilities of the movement's leadership. Our integrity demands that we speak the truth as we perceive it without fear or favor, and remain independent of forces that would stifle this voice. PRA's progressive analysis and critique derives from a deep desire to understand and eliminate the *root cause* of oppression; in this sense PRA prefers to work with social movements with a fundamental systemic analysis rather than organizations tied to partisan politics. PRA believes that in order to be a truly effective organization we "must become the change we seek." To this end, PRA is committed to fostering mutual respect and exhibiting anti-oppression behaviors in all aspects of what we do - internally among our staff, leadership, and Board, and externally with our allies and opponents. We believe that an open and democratic society depends on a rich tapestry of voices and perspectives. To ensure this, we see a need to amplify marginalized voices. These values are deep grounded in PRA's feminist roots. We remain open to change and growth, and to new ideas, content and approaches in the service of our mission.

Why We Focus on the Right

While attacks on civil liberties can come from any direction, the political and Christian Right use skillful marketing that exploits the public's desire for quick solutions and capitalizes on today's hectic information flow. With clever slogans that oversimplify complex public policy issues, the Right routinely scapegoats others in pursuit of the agenda.

POLITICAL RESEARCH ASSOCIATES, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2006

(Continued)

NOTE 2 (Continued)

PRA responds with fair and accurate analysis, looking beneath the sound-bites and slogans of the Right, exposing the true goals and agendas of specific leaders, organizations and movements. We then present our analysis in ways that can help the media, advocates and educators understand and challenge the Right.

Programs

The Public Eye: PRA publishes *The Public Eye*, our signature quarterly, presenting insightful reports by scholars and journalists on trends within the US Right.

Special Reports: PRA produces timely reports on specific right-wing movements or strategies. Past reports include *Calculated Compassion*, a detail of the Right's attack on gays and lesbians through the "ex-Gay" movement, *Decades of Distortion*, and account of the Right's strategy to scapegoat welfare recipients, and *The Pioneer Institute: Privatizing the Common Wealth*, a profile of a state-level conservative think tank.

PRA maintains a very deep website with information on the Right and issues important to the progressive community.

- Interviews and referrals: Advocates and media regularly consult PRA's researchers with their questions about the Right.
- Library: PRA's extensive library of primary and secondary materials on the US Right and government repression is open to the public through advanced reservation of the available seating for researchers.
- Online archives: a ready source of information about the US Right dating back to the early 1980's and beyond.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies which affect significant elements of the Organization's financial statements are described below to enhance the usefulness of the financial statements to the reader. The preparation of financial statements in conformity with generally accepted accounting principles 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 revenues and expenses during the reporting period. Actual results could differ from those estimates; however, adherence to generally accepted accounting principles has, in management's opinion, resulted in reliable and consistent financial reporting by the Organization. The following policies should be read in conjunction with the accompanying notes to the financial statements.

POLITICAL RESEARCH ASSOCIATES, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2006

(Continued)

NOTE 3 (Continued)

Basis of Accounting:

The Organization's policy is to maintain its books and prepare its financial statements on the accrual basis of accounting in accordance with generally accepted accounting principles. Consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when a liability has been incurred. Financial statement items are recorded at historical costs and often involve the utilization of estimates, and as a result, financial statement items do not necessarily represent current values.

Financial Statement Presentation:

The Organization prepares its financial statements in accordance with Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. These classifications are related to the existence or absence of donor-imposed restrictions as described below.

Unrestricted Net Assets - consists of assets, public support and program revenues which are available and used for operations and programs. Unrestricted net assets represents the portion of net assets of the Organization that is neither permanently restricted nor temporarily restricted by donor-imposed stipulations. Contributions are considered available for unrestricted use unless specifically restricted by the donor. In addition, unrestricted net assets of the Organization may include funds which represent unrestricted resources designated by the Board of Directors for specific purposes.

Temporarily Restricted Net Assets - includes funds with donor-imposed restrictions which permit the donee organization to expend the assets as specified and is satisfied either by the passage of time or by actions of the organization. Resources of this nature originate from gifts, grants, bequests, contracts and investment income earned on restricted funds.

For the years presented, temporarily restricted net assets consisted of the following donor-restricted balances:

<u>Nature of Restriction</u>	<u>2006</u>	<u>2005</u>
Time Restricted	\$395,000	\$ 75,000
Discount on Time Restricted Pledges	(14,584)	-
Marriage and Poverty Project	32,780	45,529
LGBT Gender Justice Project	70,000	-
Total	<u>\$483,196</u>	<u>\$120,529</u>

POLITICAL RESEARCH ASSOCIATES, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2006

(Continued)

NOTE 3 (Continued)

Permanently Restricted Net Assets - includes resources which have a permanent donor-imposed restriction which stipulates that the assets are to be maintained permanently, but permits the organization to expend part or all of the income derived from the donated assets. For the years presented, the Organization did not have any assets of this nature.

The accompanying financial statements include certain FY 2005 comparative information. With respect to the Statement of Activities, such prior year information is not presented by net asset class and, in the Statement of Functional Expenses, FY 2005 expenses by line item are in total rather than by functional category. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2005, from which the summarized information was derived.

Contributions, Gifts and Grants:

Political Research Associates, Inc. follows Statement of Financial Accounting Standards (SFAS) No. 116, "Accounting for Contributions Received and Contributions Made." SFAS No. 116 requires that contributions be recorded as receivables and revenues and requires the Organization to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions. Contributions may include gifts of cash, collection items, or promises to give.

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is, at the time when the conditions on which they depend are substantially met. Contributions of assets other than cash are reported at their estimated fair value. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risk involved, when such amounts are considered material. Multi-year commitments are recorded during the year of the initial pledge.

Support that is restricted by the donor is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction until the restriction expires, at which time temporarily restricted net assets are reclassified to unrestricted net assets.

During the years presented, contributions were released from restriction for the following programs and purposes:

<u>Nature of Restriction</u>	<u>2006</u>	<u>2005</u>
Time Restrictions Elapsed	\$20,000	\$30,000
Marriage and Poverty Project	12,749	14,471
Reproductive Rights Project	15,000	-
LGBT Gender Justice Project	<u>30,000</u>	<u>-</u>
Total	<u>\$77,749</u>	<u>\$44,471</u>

POLITICAL RESEARCH ASSOCIATES, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2006

(Continued)

Functional Expenses:

Political Research Associates, Inc. allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated by using a salary-based formula or other statistical bases. Supporting services are those related to operating and managing Political Research Associates, Inc. and its programs on a day-to-day basis. Supporting services have been sub-classified as follows:

Administrative - includes all activities related to Political Research Associates Inc.'s internal management and accounting for program services.

Fund Raising - includes all activities related to maintaining contributor information, writing grant proposals, distribution of materials and other similar projects related to the procurement of funds for Political Research Associates, Inc.'s programs.

Property and Equipment:

Political Research Associates, Inc. records all fixed assets at cost, if purchased, or if donated, at the fair market value on the date of receipt. Expenditures for maintenance, repairs and renewals are charged to expense as incurred, whereas major betterments are capitalized as additions to property and equipment. Depreciation of property and equipment is computed using a straight-line method, and is charged against support and revenues over the estimated useful lives of the assets as expressed in terms of years. The following table summarizes Political Research Associates, Inc.'s fixed assets as of December 31, 2006 and 2005:

<u>Asset Category</u>	<u>Est. Life</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	
				<u>2006</u>	<u>2005</u>
Equipment	5 - 7	\$151,976	\$141,106	\$10,870	\$15,992
Library	5 - 7	18,021	15,344	2,677	3,510
Furniture and Fixtures	5 - 7	<u>12,530</u>	<u>12,201</u>	<u>329</u>	<u>746</u>
Total		<u>\$182,527</u>	<u>\$168,651</u>	<u>\$13,876</u>	<u>\$20,248</u>

Valuation of Library Collection:

Over the past 25 years, PRA has accumulated various literary works in an extensive library which houses over 7,500 books, in addition to periodicals, videos and vertical files, articles and other literature focused on political issues. PRA maintains one of the four largest libraries on the Religious Right in the country. The majority of the literature acquisitions have been treated as expenses each year as the costs have been incurred, and not capitalized as a collection. Accordingly, there is no value reflected for the library in the accompanying Statements of Financial Position.

Cash Equivalents:

For the purpose of these financial statements, cash and cash equivalents are defined as cash deposits in checking and money market accounts with original maturities of less than ninety days.

POLITICAL RESEARCH ASSOCIATES, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2006

(Continued)

Cash Concentrations:

Political Research Associates, Inc. maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits (FDIC coverage is \$100,000 per financial institution). As of December 31, 2006, and 2005, uninsured deposits amounted to \$124,971 and \$226,398, respectively; however, the Organization has not experienced any losses on such accounts and credit risk on cash and cash equivalents is considered to be remote.

Grants and Pledges Receivable:

Grants and Pledges Receivable represent amounts which are due from individual donors and foundations which are classified as current if they are scheduled for payment within one year, and non-current when the expected payment date exceeds one year. Promises to give with expected payment dates that extend beyond one year are discounted to their present value as summarized below. Management has deemed all pledges fully collectible and therefore, they have not been reduced by an allowance for uncollectible pledges. If pledges are determined to be uncollectible in subsequent periods, they will be charged to activities at that time. The Organization did not experience any actual loss on uncollectible pledges for the years presented.

As of December 31, 2006, PRA's non-current pledges receivable, all of which are due in 2008, and related discount to present value (utilizing risk-free interest rates at the time the pledge was made of approximately 4.5%) were as follows:

Balance of Pledges Due as of December 31, 2006	\$167,500
Less Discount	<u>(14,584)</u>
Net Present Value of Pledges	<u>\$152,916</u>

NOTE 4 FUND RAISING EVENTS

Various fund raising drives and events were held during the 2006 to celebrate PRA's 25th Anniversary. The revenue from special events is reflected on the Statement of Activities net of the direct costs of the events, while indirect event costs and the costs associated with direct mail campaigns and annual appeal letters are reported as fund raising expenses on the Statement of Functional Expenses. Gross revenues from all fund raising efforts were \$944,340 and \$516,673 for the years ended December 31, 2006 and 2005, respectively. The following is a summary of the 2006 25th Anniversary events:

25th Anniversary

Gross Proceeds	\$11,759
Less Direct Event Costs	<u>(6,202)</u>
Net Event Revenue	<u>\$ 5,557</u>

NOTE 5 PENSION PLAN

POLITICAL RESEARCH ASSOCIATES, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2006

(Continued)

The Organization has a Simplified Employee Pension Plan that covers substantially all employees. Contribution to the plan are based on a percentage of eligible employees' compensation subject to certain limitations and are fully vested. For the years presented, the employer contribution rate was 5.5%, which amounted to \$19,736 for 2006 and \$18,269 for 2005. As of December 31, 2006 and 2005, these amounts were accrued.

The Organization maintains a retirement plan pursuant to Section 403(b) of the Internal Revenue Code. Under the Plan, participants may defer a portion of their compensation on a pre-tax basis.

NOTE 6 LEASE OBLIGATIONS

Political Research Associate, Inc. occupies office, program, conference and library space on Broadway in Somerville, Massachusetts pursuant to two leases that expire in September 2010. Combined monthly rent expense starts at \$6,110 and increases annually to a maximum of \$8,597. The Organization's share of real estate taxes totaled \$6,533 for 2006 and \$7,379 for 2005.

The future minimum lease obligation arising from this commitment is scheduled below:

<u>Fiscal Year Ending</u>	<u>Lease Obligation</u>
December 31, 2007	\$ 93,577
December 31, 2008	95,136
December 31, 2009	99,893
December 31, 2010	<u>68,779</u>
Total	<u>\$357,385</u>

NOTE 7 DONATED GOODS AND SERVICES

Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

For the year ending December 31, 2006, Political Research Associates, Inc. recognized the following expenses with offsetting contribution revenue in the accompanying financial statements.

<u>Description</u>	<u>2006</u>
Consultants	\$5,000
Travel	770
Office Supplies	<u>420</u>
Total	<u>\$6,190</u>

POLITICAL RESEARCH ASSOCIATES, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2006

(Continued)

Political Research Associates, Inc. relies heavily upon the services of many individuals and organizations who provide expertise and assistance in the delivery of its program services in addition to administrative support. This volunteer group includes individuals and businesses, as well as extensive efforts and contributions made by the Board of Directors and its various committees. Although extensive, this volunteer effort does not meet the recognition criteria, and therefore, the service contribution is not reflected in the accompanying financial statements.

NOTE 8 RELATED PARTY TRANSACTIONS

The Board is proactive about fundraising and Board members routinely make contributions to the Organization. Donations received from Board members totaled approximately \$154,750 for the year ended December 31, 2006. Additionally, undiscounted pledges receivable of \$100,000 are attributable to Board members as of December 31, 2006.

PRA retained its Founder and former Executive Director on a consulting basis in connection with the Marriage and Poverty Project, which is a research project, and to host Study Groups. For the years ending December 31, 2006 and 2005, she was paid \$16,876 and \$26,736 for consulting services and expense reimbursement, for which she was owed \$13,890 and \$16,760 at each respective year end. Also, during 2006, this individual contributed services valued at \$5,000 for the above project and out-of-pocket travel costs of \$770.