

**FINANCIAL STATEMENTS**

**CENTER FOR  
RESPONSIVE POLITICS**

**FOR THE YEAR ENDED DECEMBER 31, 2005  
WITH SUMMARIZED FINANCIAL  
INFORMATION FOR 2004**

# CENTER FOR RESPONSIVE POLITICS

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**GELMAN, ROSENBERG & FREEDMAN**  
**CERTIFIED PUBLIC ACCOUNTANTS**

**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
Center for Responsive Politics  
Washington, D.C.

We have audited the accompanying statement of financial position of the Center for Responsive Politics as of December 31, 2005, and the related statements of activities and change in net assets, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Center for Responsive Politics' management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the organization's 2004 financial statements and, in our report dated July 14, 2005, we expressed an unqualified opinion on those statements.

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 the Center for Responsive Politics as of December 31, 2005, and its change in net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Gelman Rosenberg & Freedman*

June 29, 2006

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**CENTER FOR RESPONSIVE POLITICS**  
**STATEMENT OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2005**  
**WITH SUMMARIZED FINANCIAL INFORMATION FOR 2004**

<b>ASSETS</b>		<u>2005</u>	<u>2004</u>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$	820,191	\$ 952,050
Accounts receivable		399	14,749
Grants receivable		1,087,000	738,500
Prepaid expenses		<u>26,172</u>	<u>28,185</u>
Total current assets		<u>1,933,762</u>	<u>1,733,484</u>
<b>FIXED ASSETS</b>			
Furniture and equipment		486,712	463,295
Leasehold improvements		<u>22,171</u>	<u>22,171</u>
		508,883	485,466
Less: Accumulated depreciation and amortization		<u>(485,479)</u>	<u>(465,484)</u>
Net fixed assets		<u>23,404</u>	<u>19,982</u>
<b>OTHER ASSETS</b>			
Deposits		<u>28,885</u>	<u>28,885</u>
<b>TOTAL ASSETS</b>	<b>\$</b>	<b><u>1,986,051</u></b>	<b>\$ <u>1,782,351</u></b>
<b>LIABILITIES AND NET ASSETS</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable and accrued liabilities	\$	<u>38,956</u>	\$ <u>33,183</u>
Total current liabilities		<u>38,956</u>	<u>33,183</u>
<b>NET ASSETS</b>			
Unrestricted		897,095	885,668
Temporarily restricted (Note 2)		<u>1,050,000</u>	<u>863,500</u>
Total net assets		<u>1,947,095</u>	<u>1,749,168</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$</b>	<b><u>1,986,051</u></b>	<b>\$ <u>1,782,351</u></b>

See accompanying notes to financial statements.

## CENTER FOR RESPONSIVE POLITICS

**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2004**

	2005			2004
	Unrestricted	Temporarily Restricted	Total	Total
<b>REVENUE</b>				
Grants	\$ -	\$ 1,200,000	\$ 1,200,000	\$ 1,032,500
Contributions	14,184	-	14,184	13,935
Contracts	-	-	-	23,067
Interest/dividend income	28,234	-	28,234	15,292
Conference	-	-	-	40,000
Symposia	-	-	-	600
Sales	21,093	-	21,093	44,191
Publication sales	1,513	-	1,513	2,220
Other revenue	9,616	-	9,616	10,818
Net assets released from donor restrictions (Note 3)	<u>1,013,500</u>	<u>(1,013,500)</u>	<u>-</u>	<u>-</u>
Total revenue	<u>1,088,140</u>	<u>186,500</u>	<u>1,274,640</u>	<u>1,182,623</u>
<b>EXPENSES</b>				
Program services:				
Research and Analysis	406,677	-	406,677	412,660
Library Services	31,798	-	31,798	31,730
Education and Outreach	<u>488,645</u>	<u>-</u>	<u>488,645</u>	<u>497,312</u>
Total program services	<u>927,120</u>	<u>-</u>	<u>927,120</u>	<u>941,702</u>
Supporting services:				
Management and General	103,852	-	103,852	110,631
Fundraising	<u>45,741</u>	<u>-</u>	<u>45,741</u>	<u>47,186</u>
Total supporting services	<u>149,593</u>	<u>-</u>	<u>149,593</u>	<u>157,817</u>
Total expenses	<u>1,076,713</u>	<u>-</u>	<u>1,076,713</u>	<u>1,099,519</u>
Change in net assets	11,427	186,500	197,927	83,104
Net assets at beginning of year	<u>885,668</u>	<u>863,500</u>	<u>1,749,168</u>	<u>1,666,064</u>
<b>NET ASSETS AT END OF YEAR</b>	<b><u>\$ 897,095</u></b>	<b><u>\$ 1,050,000</u></b>	<b><u>\$ 1,947,095</u></b>	<b><u>\$ 1,749,168</u></b>

See accompanying notes to financial statements.

**CENTER FOR RESPONSIVE POLITICS**

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2005  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2004**

	<b>Program Services</b>			<b>Total Program Services</b>
	<b>Research and Analysis</b>	<b>Library Services</b>	<b>Education and Outreach</b>	
Salaries, payroll taxes and employee benefits	\$322,896	\$25,492	\$382,377	\$730,765
Printing and production	1,478	117	1,750	3,345
Legal	242	19	287	548
Occupancy (Note 4)	39,832	3,145	47,169	90,146
Contracts with service bureau	946	75	1,120	2,141
Insurance	2,957	233	3,502	6,692
Depreciation and amortization	7,598	600	8,998	17,196
Telephone	3,301	261	3,909	7,471
Travel	564	-	6,295	6,859
Consulting fees	115	-	1,008	1,123
Postage and delivery	773	61	915	1,749
Repairs and maintenance	503	40	596	1,139
Supplies	1,264	100	1,497	2,861
Subscriptions	7,340	-	8,705	16,045
Accounting	6,332	500	7,499	14,331
Outreach	297	23	352	672
Meeting and conference	1,221	96	1,446	2,763
Miscellaneous	2,804	221	3,321	6,346
Computer expenses	2,111	167	2,500	4,778
Online service	4,103	648	5,399	10,150
Bad debt expense	-	-	-	-
<b>TOTAL</b>	<b>\$406,677</b>	<b>\$31,798</b>	<b>\$488,645</b>	<b>\$927,120</b>

See accompanying notes to financial statements.

2005			2004	
Supporting Services				
Management and General	Fundraising	Total Supporting Services	Total Expenses	Total Expenses
\$ 84,973	\$33,989	\$118,962	\$ 849,727	\$ 733,318
389	156	545	3,890	2,776
64	25	89	637	292
10,482	4,193	14,675	104,821	151,192
249	100	349	2,490	3,110
778	311	1,089	7,781	11,116
1,999	800	2,799	19,995	18,519
869	347	1,216	8,687	9,635
-	2,537	2,537	9,396	12,084
23	-	23	1,146	1,340
203	81	284	2,033	2,592
132	53	185	1,324	967
333	133	466	3,327	3,396
-	1,024	1,024	17,069	29,266
1,666	667	2,333	16,664	12,663
78	31	109	781	1,705
321	129	450	3,213	81,556
738	295	1,033	7,379	9,240
555	222	777	5,555	1,438
-	648	648	10,798	7,064
-	-	-	-	6,250
<b>\$103,852</b>	<b>\$45,741</b>	<b>\$149,593</b>	<b>\$1,076,713</b>	<b>\$1,099,519</b>

See accompanying notes to financial statements.

## CENTER FOR RESPONSIVE POLITICS

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2004**

	<u>2005</u>	<u>2004</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 197,927	\$ 83,104
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	19,995	18,518
(Increase) decrease in:		
Accounts receivable	14,350	19,375
Grants receivable	(348,500)	(121,500)
Prepaid expenses	2,012	10,023
Increase (decrease) in:		
Accounts payable and accrued liabilities	<u>5,774</u>	<u>(2,323)</u>
Net cash provided (used) by operating activities	<u>(108,442)</u>	<u>7,197</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of furniture, equipment, and leasehold improvements	<u>(23,417)</u>	<u>(7,028)</u>
Net cash used by investing activities	<u>(23,417)</u>	<u>(7,028)</u>
Net increase (decrease) in cash and cash equivalents	(131,859)	169
Cash and cash equivalents at beginning of year	<u>952,050</u>	<u>951,881</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u>\$ 820,191</u></b>	<b><u>\$ 952,050</u></b>

See accompanying notes to financial statements.



## CENTER FOR RESPONSIVE POLITICS

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2005

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

##### Organization -

The Center for Responsive Politics (the Center) is a nonprofit corporation that educates the American public on the role that money plays in its elections and actions. The Center conducts and distributes the results of nonpartisan research on campaign finance and other money-in-politics issues.

##### Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with Statement of Financial Accounting Standards No. 117, "Financial Statements of Not-for-Profit Organizations".

##### Cash and cash equivalents -

The Center considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

At times during the year, the Center maintains cash balances at financial institutions in excess of the Federal Deposit Insurance Corporation (FDIC) limits. Management believes the risk in these situations to be minimal.

##### Furniture, equipment and leasehold improvements -

Furniture, equipment and leasehold improvements are stated at cost. Furniture, equipment and leasehold improvements are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three to five years. The cost of maintenance and repairs is recorded as expenses as incurred. Leasehold improvements are amortized over the life of the lease. The Center has established a capitalization threshold policy of \$1,000.

##### Income taxes -

The Center for Responsive Politics is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements. The Center is a public charity under Section 509(a) and is not a private foundation.

##### Net asset classification -

The net assets are reported in two self-balancing groups as follows:

- **Unrestricted net assets** include unrestricted revenue and contributions received without donor-imposed restrictions. These net assets are available for the operation of the Center and include both internally designated and undesignated resources.

**CENTER FOR RESPONSIVE POLITICS**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2005**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION  
(Continued)**

Net asset classification (continued) -

- **Temporarily restricted net assets** include revenue and contributions subject to donor-imposed stipulations that will be met by the actions of the Center and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities and Change in Net Assets as net assets released from restrictions.

Contributions and grants -

Contributions and grants are recorded as revenue in the year notification is received from the donor. Contributions and grants are recognized as unrestricted support only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions. Contributions and grants received in excess of expenses incurred are shown as temporarily restricted net assets in the accompanying financial statements.

Use of estimates -

The preparation of 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 at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities and Change in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**2. TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets consisted of the following at December 31, 2005:

<b>Time Restrictions</b>	<b><u>\$ 1,050,000</u></b>
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**3. NET ASSETS RELEASED FROM RESTRICTIONS**

The following temporarily restricted net assets were released from donor restrictions by incurring expenses which satisfied the restricted purposes specified by the donors:

<b>Timing Restrictions</b>	<b><u>\$ 1,013,500</u></b>
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**CENTER FOR RESPONSIVE POLITICS**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2005**

**4. LEASE COMMITMENT**

The Center entered into a lease for office space on March 16, 2000, commencing on April 14, 2000 and expiring on April 30, 2006. Subsequent to year-end, the lease term was extended to April 30, 2011. The \$28.50 per rentable square foot is subject to an escalation of two percent per annum at the beginning of all lease years, commencing on the first anniversary of the commencement date, plus a \$1,000 increase at the beginning of the fourth lease year. The Center also pays a proportionate share of direct expenses. The Center's proportionate share of such expenses is 3.56%. Rent expense for the year ended December 31, 2005 was \$104,820.

**Year Ended December 31,**

2006	\$ 140,128
2007	143,628
2008	147,212
2009	150,904
Thereafter	<u>210,928</u>
	<b><u>\$ 792,800</u></b>

**5. RETIREMENT PLAN**

The Center maintains a 403(b) retirement plan covering all employees. The Center contributes four percent of salary for each participant. Retirement plan expense for the year ended December 31, 2005 was \$28,221.