CENTER FOR RESPONSIVE POLITICS FINANCIAL STATEMENTS AND

INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2007

FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2007

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Chaconas & Wilson, P.C.

INDEPENDENT AUDITORS' REPORT

To the Board of Directors Center for Responsive Politics Washington, DC

We have audited the accompanying statement of financial position of the Center for Responsive Politics as of December 31, 2007 and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Organization'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 the Center for Responsive Politics as of December 31, 2007, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Charonas & Wilson, P.C.

September 15, 2008

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2007

ASSETS

CURRENT ASSETS:						
Cash and cash equivalents (Note 2)	\$	968,716				
Accounts receivable (Note 2)		450				
Unconditional promises to give (Note 4)		675,063				
Prepaid expenses		4,805				
Total Current Assets	\$	1,649,034				
PROPERTY AND EQUIPMENT, at cost (Note 2)						
Furniture and equipment	\$	552,507				
Leasehold improvement	*	22,171				
	\$	574,678				
Less: accumulated depreciation	,	(541,982)				
Property and Equipment, net	\$	32,696				
OTHER ASSETS:						
Security deposit	\$	28,885				
TOTAL ASSETS	\$	1,710,615				
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES:						
Accounts payable	\$	10,935				
Accrued payroll		64,433				
Total Current Liabilities	\$	75,368				
NET ASSETS:						
Unrestricted (Note 2)	\$	959,684				
Temporarily restricted (Notes 2 and 7)	_	675,563				
Total Net Assets	\$	1,635,247				
TOTAL LIABILITIES AND NET ASSETS	\$	1,710,615				

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2007

REVENUES:	Unrestricted		Temporarily Restricted			Total	
	Φ	22.720	Φ	000 000	Φ	050 570	
Contributions (Note 2)	\$	33,732	\$	822,838	\$	856,570	
Contract fees		105,000		-		105,000	
Library services		39,013		-		39,013	
Interest Income		52,710		-		52,710	
Other Income		10,504		-		10,504	
Net assets released from restriction:		4 440 475		(4.440.475)			
Satisfaction of time restriction		1,118,175		(1,118,175)			
Total Revenues	\$	1,359,134	\$	(295,337)	\$	1,063,797	
PROGRAM AND SUPPORT SERVICES EXPENSES: Program services:							
Research and analysis	\$	456,055	\$	_	\$	456,055	
Library services	Ψ.	41,482	Ψ	_	*	41,482	
Education and outreach		539,263		_		539,263	
Total Program Expenses	\$	1,036,800	\$	-	\$	1,036,800	
Supporting services:							
Grant development	\$	98,700	\$	-	\$	98,700	
Management and general		239,782				239,782	
Total Supporting Expenses	\$	338,482	\$		\$	338,482	
Total Expenses	\$	1,375,282	\$		\$	1,375,282	
CHANGE IN NET ASSETS	\$	(16,148)	\$	(295,337)	\$	(311,485)	
NET ASSETS, BEGINNING OF YEAR		975,832		970,900		1,946,732	
NET ASSETS, END OF YEAR		959,684	\$	675,563	\$	1,635,247	

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2007

	Program Services				Supporting			
	Research		Education	Total			Total	
	and	Library	and	Program	Grant	Management	Supporting	Total
	Analysis	Services	Outreach	Services	Development	and General	Services	Expenses
Salaries, payroll taxes and employee benefits	\$ 340,008	\$ 30,910	\$ 401,827	\$ 772,745	\$ 78,737	\$ 192,769	\$ 271,506	\$ 1,044,251
Occupancy	49,947	4,541	59,029	113,517	11,566	28,318	39,884	153,401
Consulting fees	19,542	1,777	23,095	44,414	95	354	449	44,863
Depreciation	8,476	771	10,017	19,264	1,963	4,806	6,769	26,033
Subscriptions	6,135	558	7,250	13,943	1,421	3,478	4,899	18,842
Online service	4,891	445	5,780	11,116	569	1,391	1,960	13,076
Miscellaneous	3,932	379	4,936	9,247	928	1,191	2,119	11,366
Meetings and conferences	3,948	359	4,666	8,973	459	1,124	1,583	10,556
Accounting	3,503	318	4,140	7,961	407	997	1,404	9,365
Telephone	3,481	316	4,114	7,911	405	991	1,396	9,307
Travel	3,167	288	3,743	7,198	368	902	1,270	8,468
Computer expenses	2,509	228	2,966	5,703	292	715	1,007	6,710
Insurance	1,675	152	1,980	3,807	388	950	1,338	5,145
Supplies	1,482	135	1,751	3,368	343	840	1,183	4,551
Contracts with service bureau	1,181	107	1,396	2,684	137	337	474	3,158
Printing and production	881	80	1,041	2,002	102	250	352	2,354
Postage and delivery	746	68	881	1,695	87	212	299	1,994
Repairs and maintenance	491	45	580	1,116	57	140	197	1,313
Outreach	-	-	-	-	369	-	369	369
Legal	60	5	71	136	7	17	24	160
Total Expenses	\$ 456,055	\$ 41,482	\$ 539,263	\$ 1,036,800	\$ 98,700	\$ 239,782	\$ 338,482	\$ 1,375,282

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2007

CASH FLOWS FROM OPERATING ACTIVITIES: Change in net assets	\$ (311,485)
Adjustments to reconcile change in net assets to net cash used in operating activities: Depreciation	26,033
Change in assets and liabilities: Decrease in unconditional promises to give Decrease in prepaid expense Decrease in accounts payable and accrued expenses Increase in accrued payroll	147,037 15,336 (2,981) 11,226
Net Cash Used in Operating Activities	\$ (114,834)
CASH FLOWS FROM INVESTING ACTIVITIES: Purchase of property and equipment	(17,471)
NET DECREASE IN CASH AND CASH EQUIVALENTS	\$ (132,305)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	 1,101,021
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 968,716

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2007

Note 1. **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. The Center's program areas are:

Research and Analysis – The on-line newsletter (<u>www.capitaleye.org</u>) puts the Centers' data in context, pointing out trends and adding a money-in-politics angle to ongoing news stories and policy debates.

<u>Library Services</u> – The Center's staff provide custom research to academics, activists, journalists and public interest groups.

<u>Education and Outreach</u> – The Center's website (<u>www.opensecrets.org</u>) allows users to explore connections between money and politics. Freely available, easy-to-use databases track federal campaign contributions and lobbying in a variety of illuminating ways, such as by industry and interest group.

Note 2. Summary of Significant Accounting Policies:

Method of Accounting

The financial statements have been prepared on the accrual basis of accounting.

Contributions

The Center recognizes contribution revenue when an unconditional pledge is made or when cash is received if a pledge was not made. Contributions received are reported as unrestricted, temporarily restricted, or permanently restricted, based on donor intent.

Cash Equivalents

The Center considers all short term investments with original maturities of three months or less to be cash equivalents included in cash.

The Center's demand deposits with financial institutions at times exceeded federally insured limits. The Center has not experienced any loses in such accounts and management believes the Center is not exposed to any significant credit risks.

Accounts Receivable

The Center considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is made. If accounts become uncollectable they will be charged to operations when that determination is made. If the allowance method was used instead the results would not be materially different.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2007

Note 2. Summary of Significant Accounting Policies: (Concluded)

Furniture and Equipment

Furniture and equipment are stated at cost. Depreciation is calculated on a straight line basis over a three year or five year estimated useful life. Leasehold improvements are depreciated over the life of the lease. The Center capitalizes property and equipment purchases of \$500 or more.

Classes of Net Assets

The Center is required to report its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Unrestricted net assets are contributions without a donor imposed time and/or program restriction. The funds are available for general operating purposes.

Temporarily restricted net assets are contributions with donor-imposed time and/or program restrictions. These temporary restrictions require that resources be used for specific purposes and/or in a later period or after a specified date. Temporarily restricted net assets become unrestricted when the time restrictions expire or the funds are used for their restricted purposes and are reported in the accompanying statement of activities as net assets released from restrictions. This method of accounting is also followed when the restrictions on contributions are met in the same period that the contributions are received.

Permanently restricted net assets must be maintained by the Center in perpetuity. There were no permanently restricted net assets as of December 31, 2007.

Functional Allocation of Expenses

The allocation of the costs of providing various programs has been summarized on a functional basis in the accompanying statement of functional expenses. Accordingly, certain indirect costs have been allocated to program and supporting activities based on management's estimate of effort devoted to these activities.

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 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.

NOTES TO FINANCIAL STATEMENTS (CONCLUDED)

DECEMBER 31, 2007

Note 3. Tax Status:

The Center has been recognized as exempt from federal income tax by the Internal Revenue Service under the provisions of Section 501(c)(3) of the Internal Revenue Code, and is classified as an organization that is not a private foundation.

Note 4. Unconditional Promises to Give:

All unconditional promises to give are due in one year or less. As of December 31, 2007, the balance of unconditional promises to give was \$675,063.

Note 5. **Retirement Plan:**

The Center maintains a 403(b) retirement plan covering all employees. The Center contributes 4% of salary for each participant. The retirement expense for the year ended December 31, 2007 was \$33,416 and is included in "salaries, payroll taxes and employee benefits" in the accompanying statement of functional expenses.

Note 6. **Operating Lease:**

The Center has an operating lease for office space that expires on April 30, 2011. Future minimum rental payments under the lease at December 31, 2007 are as follows:

2008	\$ 147,212
2009	150,903
2010	157,525
2011	 53,405
Total	\$ 509,045

Rent expense for the year ended December 31, 2007 was \$153,401.

Note 7. **Temporarily Restricted Net Assets:**

At December 31, 2007 temporarily restricted net assets consisted of the following:

Time Restrictions - General Support \$ 675.563