

**CENTER FOR RESPONSIVE POLITICS  
FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT  
DECEMBER 31, 2009**

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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, 2009 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, 2009, 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.

*Chaconas & Wilson, P.C.*

October 12, 2010

CENTER FOR RESPONSIVE POLITICS

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2009

ASSETS

**CURRENT ASSETS:**

Cash and cash equivalents (Note 2)	\$ 1,295,709
Accounts receivable (Note 2)	128
Unconditional promises to give (Notes 2 and 4)	845,000
Prepaid expenses	5,806
Total Current Assets	<u>\$ 2,146,643</u>

**PROPERTY AND EQUIPMENT, at cost** (Note 2)

Furniture and equipment	\$ 582,595
Leasehold improvement	22,171
	<u>\$ 604,766</u>
Less: accumulated depreciation	(577,551)
Property and Equipment, net	<u>\$ 27,215</u>

**OTHER ASSETS:**

Unconditional promises to give (Notes 2 and 4)	\$ 175,000
Security deposit	28,885
Total Other Assets	<u>\$ 203,885</u>

**TOTAL ASSETS**

\$ 2,377,743

LIABILITIES AND NET ASSETS

**CURRENT LIABILITIES:**

Accounts payable	\$ 3,965
Accrued payroll	37,361
Total Current Liabilities	<u>\$ 41,326</u>

**NET ASSETS:**

Unrestricted (Note 2)	\$ 1,316,417
Temporarily restricted (Notes 2 and 7)	1,020,000
Total Net Assets	<u>\$ 2,336,417</u>

**TOTAL LIABILITIES AND NET ASSETS**

\$ 2,377,743

The accompanying notes are an integral part of this statement.

**CENTER FOR RESPONSIVE POLITICS**

**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED DECEMBER 31, 2009**

	Unrestricted	Temporarily Restricted	Total
<b>REVENUES:</b>			
Contributions (Note 2)	\$ 226,824	\$ 1,550,000	\$ 1,776,824
Contract fees	51,973	-	51,973
Library services	12,438	-	12,438
Interest Income	16,712	-	16,712
Other Income	6,453	-	6,453
Net assets released from restriction:			
Satisfaction of time restriction	1,366,667	(1,366,667)	-
Total Revenues	\$ 1,681,067	\$ 183,333	\$ 1,864,400
<b>PROGRAM AND SUPPORT SERVICES EXPENSES:</b>			
Program services:			
Research and analysis	\$ 467,159	\$ -	\$ 467,159
Library services	111,988	-	111,988
Education and outreach	432,009	-	432,009
Total Program Expenses	\$ 1,011,156	\$ -	\$ 1,011,156
Supporting services:			
Management and general	\$ 125,342	\$ -	\$ 125,342
Grant development	61,066	-	61,066
Total Supporting Expenses	\$ 186,408	\$ -	\$ 186,408
Total Expenses	\$ 1,197,564	\$ -	\$ 1,197,564
<b>CHANGE IN NET ASSETS</b>	\$ 483,503	\$ 183,333	\$ 666,836
<b>NET ASSETS, BEGINNING OF YEAR</b>	832,914	836,667	1,669,581
<b>NET ASSETS, END OF YEAR</b>	\$ 1,316,417	\$ 1,020,000	\$ 2,336,417

The accompanying notes are an integral part of this statement.

**CENTER FOR RESPONSIVE POLITICS**  
**STATEMENT OF FUNCTIONAL EXPENSES**

**FOR THE YEAR ENDED DECEMBER 31, 2009**

	Program Services			Supporting Services			Total Supporting Services	Total Expenses
	Research and Analysis	Library Services	Education and Outreach	Total Program Services	Management and General	Grant Development		
Accounting services	\$ 4,536	\$ 2,268	\$ 1,518	\$ 8,322	\$ 6,099	\$ 759	\$ 6,858	\$ 15,180
Computer expense	1,444	722	290	2,456	289	144	433	2,889
Consulting fees	1,620	18,526	-	20,146	3,733	1,017	4,750	24,896
Contracts with service bureau	1,963	981	393	3,337	3,878	196	4,074	7,411
Contribution	-	-	-	-	150	-	150	150
Depreciation	4,536	412	5,360	10,308	487	1,191	1,678	11,986
Insurance	853	513	378	1,744	3,651	103	3,754	5,498
Legal	-	-	-	-	300	-	300	300
Meetings and conferences	-	-	-	-	72	-	72	72
Miscellaneous	593	683	238	1,514	1,459	134	1,593	3,107
Occupancy, parking, utilities	92,923	46,461	18,585	157,969	21,369	9,292	30,661	188,630
Online service	6,204	3,102	1,241	10,547	1,240	620	1,860	12,407
Outreach	-	-	-	-	-	359	359	359
Postage and delivery	572	286	115	973	132	57	189	1,162
Printing and production	1,034	1,034	-	2,068	-	-	-	2,068
Repairs and maintenance	1,309	655	262	2,226	262	131	393	2,619
Salaries, payroll taxes and employee benefits	336,658	30,605	397,869	765,132	78,181	45,192	123,373	888,505
Subscriptions	5,962	2,385	3,577	11,924	-	-	-	11,924
Supplies	3,181	1,591	636	5,408	636	318	954	6,362
Telephone	3,528	1,764	1,205	6,497	706	353	1,059	7,556
Travel	243	-	342	585	2,698	1,200	3,898	4,483
	<u>\$ 467,159</u>	<u>\$ 111,988</u>	<u>\$ 432,009</u>	<u>\$ 1,011,156</u>	<u>\$ 125,342</u>	<u>\$ 61,066</u>	<u>\$ 186,408</u>	<u>\$ 1,197,564</u>

The accompanying notes are an integral part of this statement.

**CENTER FOR RESPONSIVE POLITICS**

**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED DECEMBER 31, 2009**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Change in net assets	\$ 666,836
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	11,986
Change in assets and liabilities:	
Decrease in accounts receivable	18,374
Increase in unconditional promises to give	(375,000)
Decrease in prepaid expense	19,944
Increase in accounts payable and accrued expenses	3,272
Increase in accrued payroll	<u>2,877</u>
Net Cash Provided by Operating Activities	\$ 348,289

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Purchase of property and equipment	<u>(5,488)</u>
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**NET INCREASE IN CASH AND CASH EQUIVALENTS** \$ 342,801

**CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR** 952,908

**CASH AND CASH EQUIVALENTS, END OF YEAR** \$ 1,295,709

The accompanying notes are an integral part this statement.

## CENTER FOR RESPONSIVE POLITICS

### NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009

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 ([www.capitaleye.org](http://www.capitaleye.org)) puts the Center's data in context, pointing out trends and adding a money-in-politics angle to ongoing news stories and policy debates.

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

Education and Outreach – The Center's website ([www.opensecrets.org](http://www.opensecrets.org)) 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 losses in such accounts and management believes the Center is not exposed to any significant credit risks.

**Accounts Receivable**

The Center considers accounts receivable and unconditional promises to give to be fully collectible; accordingly, no allowance for doubtful accounts is made. If accounts become uncollectible 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.



**CENTER FOR RESPONSIVE POLITICS**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2009**

Note 2. **Summary of Significant Accounting Policies:** (Continued)

**Accounting for Uncertainty in Income Taxes**

The Center has adopted Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 740-10, "Income Taxes," which prescribes measurement and disclosure requirements for current and deferred income tax provisions. The interpretation provides for a consistent approach in identifying and reporting uncertain tax positions. It is management's belief that the Center does not hold any uncertain tax positions.

**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, 2009.

**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.

**CENTER FOR RESPONSIVE POLITICS**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2009**

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

**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.

**Subsequent events**

The Center has evaluated all subsequent events through October 12, 2010 which is the date the financial statements were issued.

**New Accounting Standards**

In May 2009, the Financial Accounting Standard Board (FASB) issued new guidance regarding subsequent events, which establishes the accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. Specifically, this standard sets forth the period after the balance sheet date during which management of a reporting entity should evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements, the circumstances under which an entity should recognize events or transactions occurring after the balance sheet date in its financial statements. The Center has adopted and applied the provisions of this standard as of December 31, 2009.

In June 2009, the FASB issued the Accounting Standards Codification and the hierarchy of Generally Accepted Accounting Principles (GAAP). The FASB Accounting Standards Codification will be the single source of authoritative U.S. accounting and reporting standards for nongovernmental entities. All other literature not included in the FASB ASC is non-authoritative. The Center has adopted the provisions of this standard as of December 31, 2009.

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.

**CENTER FOR RESPONSIVE POLITICS**  
**NOTES TO FINANCIAL STATEMENTS (CONCLUDED)**  
**DECEMBER 31, 2009**

Note 4. **Unconditional Promises to Give:**

Unconditional promises to give at December 31, 2009 are as follows:

Receivables in less than one year	\$ 845,000
Receivables in two years	<u>175,000</u>
Total	<u>\$ 1,020,000</u>

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, 2009 was \$24,907 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. The lease requires the Center to pay its share of building operating cost. Future minimum rental payments under the lease at December 31, 2009 are as follows:

2010	\$ 157,525
2011	<u>53,405</u>
Total	<u>\$ 210,930</u>

Rent expense for the year ended December 31, 2009 was \$183,258.

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

At December 31, 2009 temporarily restricted net assets consisted of the following:

Time Restrictions - General Support	\$ 350,000
Research and Analysis	<u>670,000</u>
Total	<u>\$ 1,020,000</u>

