

CENTER FOR RESPONSIVE POLITICS
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2010

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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, 2010 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, 2010, 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.

November 8, 2011

CENTER FOR RESPONSIVE POLITICS

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2010

ASSETS

CURRENT ASSETS:

Cash and cash equivalents (Note 2)	\$ 1,049,663
Unconditional promises to give (Notes 2 and 4)	595,100
Prepaid expenses	25,602
Total Current Assets	<u>\$ 1,670,365</u>

PROPERTY AND EQUIPMENT, at cost (Note 2)

Furniture and equipment	\$ 589,041
Leasehold improvement	22,171
	<u>\$ 611,212</u>
Less: accumulated depreciation	(590,761)
Property and Equipment, net	<u>\$ 20,451</u>

OTHER ASSETS:

Security deposit	<u>\$ 28,885</u>
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TOTAL ASSETS

	<u><u>\$ 1,719,701</u></u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts payable	\$ 7,630
Deferred revenue (Note 2)	121,875
Accrued payroll	30,706
Total Current Liabilities	<u>\$ 160,211</u>

NET ASSETS:

Unrestricted (Note 2)	\$ 1,259,490
Temporarily restricted (Notes 2 and 7)	300,000
Total Net Assets	<u>\$ 1,559,490</u>

TOTAL LIABILITIES AND NET ASSETS

	<u><u>\$ 1,719,701</u></u>
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The accompanying notes are an integral part of this statement.

CENTER FOR RESPONSIVE POLITICS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2010

	Unrestricted	Temporarily Restricted	Total
REVENUES:			
Contributions (Note 2)	\$ 163,835	\$ -	\$ 163,835
Contract fees	250,125	-	250,125
Library services	19,639	-	19,639
Interest Income	9,231	-	9,231
Other Income	1,745	-	1,745
Net assets released from restriction:			
Satisfaction of time restriction	720,000	(720,000)	-
Total Revenues	\$ 1,164,575	\$ (720,000)	\$ 444,575
PROGRAM AND SUPPORT SERVICES EXPENSES:			
Program services:			
Research and analysis	\$ 493,099	\$ -	\$ 493,099
Library services	44,826	-	44,826
Education and outreach	582,748	-	582,748
Total Program Expenses	\$ 1,120,673	\$ -	\$ 1,120,673
Supporting services:			
Management and general	\$ 57,736	\$ -	\$ 57,736
Grant development	43,093	-	43,093
Total Supporting Expenses	\$ 100,829	\$ -	\$ 100,829
Total Expenses	\$ 1,221,502	\$ -	\$ 1,221,502
CHANGE IN NET ASSETS	\$ (56,927)	\$ (720,000)	\$ (776,927)
NET ASSETS, BEGINNING OF YEAR	1,316,417	1,020,000	2,336,417
NET ASSETS, END OF YEAR	\$ 1,259,490	\$ 300,000	\$ 1,559,490

The accompanying notes are an integral part of this statement.

CENTER FOR RESPONSIVE POLITICS

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2010

	Program Services			Supporting Services			Total Expenses
	Research and Analysis	Library Services	Education and Outreach	Management and General	Grant Development	Total Supporting Services	
			Total Program Services				
Accounting services	\$ 7,125	\$ 648	\$ 8,420	\$ 780	\$ 329	\$ 1,109	\$ 17,302
Computer expense	587	53	693	64	28	92	1,425
Consulting fees	23,313	2,119	27,551	1,840	21,574	23,414	76,397
Contracts with service bureau	1,372	125	1,620	150	64	214	3,331
Depreciation	5,329	484	6,297	584	246	830	12,940
Insurance	2,026	184	2,394	223	93	316	4,920
Meetings and conferences	895	81	1,058	98	41	139	2,173
Miscellaneous	-	-	-	2,050	-	2,050	2,050
Occupancy, parking, utilities	70,121	6,375	82,871	7,684	3,233	10,917	170,284
Online service	4,942	449	5,840	542	228	770	12,001
Postage and delivery	1,921	175	2,270	210	88	298	4,664
Printing and production	1,103	100	1,303	-	-	-	2,506
Repairs and maintenance	961	87	1,136	106	44	150	2,334
Salaries, payroll taxes							
employee benefits	359,292	32,663	424,617	39,373	16,566	55,939	872,511
Subscriptions	1,973	179	2,331	-	-	-	4,483
Supplies	2,539	231	3,001	278	117	395	6,166
Telephone	4,731	430	5,592	519	218	737	11,490
Travel	4,869	443	5,754	3,235	224	3,459	14,525
Total expenses	\$ 493,099	\$ 44,826	\$ 582,748	\$ 57,736	\$ 43,093	\$ 100,829	\$ 1,221,502

The accompanying notes are an integral part of this statement.

CENTER FOR RESPONSIVE POLITICS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2010

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ (776,927)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	12,940
Change in assets and liabilities:	
Decrease in accounts receivable	398
Increase in unconditional promises to give	424,900
Decrease in prepaid expense	(19,796)
Increase in accounts payable and accrued expenses	3,665
Increase in deferred revenue	121,875
Increase in accrued payroll	<u>(6,655)</u>
Net Cash Used In Operating Activities	\$ (239,600)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of property and equipment	<u>(6,446)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	\$ (246,046)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,295,709</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 1,049,663</u></u>

The accompanying notes are an integral part this statement.

CENTER FOR RESPONSIVE POLITICS

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

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) 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) 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, 2010

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

Deferred Revenue

Fees from contracts in exchange for services received in advance are recorded as deferred revenue and recognized when the related work is performed.

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.

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.

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, 2010.

CENTER FOR RESPONSIVE POLITICS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2010

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

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.

Subsequent events

The Center has evaluated all subsequent events through November 8, 2011 which is the date the financial statements were available to be issued. On May 1, 2011, the Center signed a new lease for office space. The lease terms are disclosed in Note 6.

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:**

Unconditional promises to give at December 31, 2010 are due in one year or less, the balance of unconditional promises to give at December 31, 2010 was \$595,100.

Note 5. **Retirement Plan:**

The Center maintains a 403(b) retirement plan covering all employees. The Center contributes 2% of salary for each participant. The retirement expense for the year ended December 31, 2010 was \$24,907 and is included in "salaries, payroll taxes and employee benefits" in the accompanying statement of functional expenses.

CENTER FOR RESPONSIVE POLITICS
NOTES TO FINANCIAL STATEMENTS (CONCLUDED)
DECEMBER 31, 2010

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. On May 1, 2011, the Center signed a new lease at the same office space that expires September 30, 2017. Future minimum rental payments under the leases are as follow for the years ending December 31:

2011	\$ 169,917
2012	173,107
2013	177,444
2014	181,876
2015	186,416
Thereafter	<u>337,572</u>
Total	<u>\$ 1,226,332</u>

Rent expense for the year ended December 31, 2010 was \$167,452.

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

At December 31, 2010 temporarily restricted net assets consisted of the following:

Time Restrictions - General Support	<u>\$ 300,000</u>
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