

CENTER FOR RESPONSIVE POLITICS
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2011

CENTER FOR RESPONSIVE POLITICS

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AND

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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, 2011 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, 2011, 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 26, 2012

CENTER FOR RESPONSIVE POLITICS

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2011

ASSETS

CURRENT ASSETS:

Cash and cash equivalents (Note 2)	\$ 1,222,820
Accounts receivable (Note 2)	66,000
Unconditional promises to give (Notes 2 and 4)	445,100
Prepaid expenses	15,418
Total Current Assets	<u>\$ 1,749,338</u>

PROPERTY AND EQUIPMENT, at cost (Note 2)

Furniture and equipment	\$ 601,883
Leasehold improvement	22,171
	<u>\$ 624,054</u>
Less: accumulated depreciation	(599,443)
Property and Equipment, net	<u>\$ 24,611</u>

OTHER ASSETS:

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

\$ 1,802,834

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts payable	\$ 16,751
Accrued payroll	43,767
Total Current Liabilities	<u>\$ 60,518</u>

NET ASSETS:

Unrestricted (Note 2)	\$ 1,297,216
Temporarily restricted (Notes 2 and 7)	445,100
Total Net Assets	<u>\$ 1,742,316</u>

TOTAL LIABILITIES AND NET ASSETS

\$ 1,802,834

The accompanying notes are an integral part of this statement.

CENTER FOR RESPONSIVE POLITICS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2011

	Unrestricted	Temporarily Restricted	Total
REVENUES:			
Contributions (Note 2)	\$ 312,189	\$ 370,100	\$ 682,289
Contract fees	738,515	-	738,515
Library services	12,359	-	12,359
Interest Income	6,921	-	6,921
Other Income	6,574	-	6,574
Net assets released from restriction:			
Satisfaction of time restriction	225,000	(225,000)	-
Total Revenues	\$ 1,301,558	\$ 145,100	\$ 1,446,658
PROGRAM AND SUPPORT SERVICES EXPENSES:			
Program services:			
Research and analysis	\$ 497,839	\$ -	\$ 497,839
Library services	43,084	-	43,084
Education and outreach	560,057	-	560,057
Total Program Expenses	\$ 1,100,980	\$ -	\$ 1,100,980
Supporting services:			
Management and general	\$ 95,896	\$ -	\$ 95,896
Grant development	66,956	-	66,956
Total Supporting Expenses	\$ 162,852	\$ -	\$ 162,852
Total Expenses	\$ 1,263,832	\$ -	\$ 1,263,832
CHANGE IN NET ASSETS	\$ 37,726	\$ 145,100	\$ 182,826
NET ASSETS, BEGINNING OF YEAR	1,259,490	300,000	1,559,490
NET ASSETS, END OF YEAR	\$ 1,297,216	\$ 445,100	\$ 1,742,316

The accompanying notes are an integral part of this statement.

CENTER FOR RESPONSIVE POLITICS

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2011

	Program Services			Supporting Services			Total Expenses
	Research and Analysis	Library Services	Education and Outreach	Management and General	Grant Development	Total Supporting Services	
Accounting services	\$ 1,835	\$ 167	\$ 2,169	\$ 4,171	\$ 16,685	\$ -	\$ 20,856
Computer expense	404	37	478	919	47	27	993
Consulting fees	25,779	167	2,165	28,111	213	34,132	62,456
Contracts with service bureau	2,740	249	3,238	6,227	318	184	6,729
Depreciation	3,535	321	4,178	8,034	411	237	8,682
Insurance	1,902	173	2,248	4,323	221	127	4,671
Legal	-	-	-	-	12,356	-	12,356
Meetings and conferences	1,798	163	2,125	4,086	209	120	4,415
Occupancy, parking, utilities	66,402	6,037	78,475	150,914	7,719	4,449	163,082
Office	-	-	-	-	10,920	589	11,509
Online service	4,778	435	5,646	10,859	555	320	11,734
Postage and delivery	746	68	881	1,695	87	50	1,832
Printing and production	1,386	126	1,639	3,151	-	-	3,151
Repairs and maintenance	827	75	977	1,879	96	55	2,030
Salaries, payroll taxes							
employee benefits	374,163	34,017	442,192	850,372	43,494	25,068	918,934
Subscriptions	2,619	238	3,095	5,952	-	-	5,952
Supplies	1,765	160	2,088	4,013	205	118	4,336
Telephone	4,501	409	5,320	10,230	523	302	11,055
Travel	2,659	242	3,143	6,044	1,837	1,178	9,059
Total expenses	\$ 497,839	\$ 43,084	\$ 560,057	\$ 1,100,980	\$ 95,896	\$ 66,956	\$ 1,263,832

The accompanying notes are an integral part of this statement.

CENTER FOR RESPONSIVE POLITICS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2011

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ 182,826
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	8,682
Change in assets and liabilities:	
Increase in accounts receivable	(66,000)
Decrease in unconditional promises to give	150,000
Decrease in prepaid expense	10,184
Increase in accounts payable and accrued expenses	9,121
Decrease in deferred revenue	(121,875)
Increase in accrued payroll	13,061
	13,061
Net Cash Provided By Operating Activities	\$ 185,999
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of property and equipment	(12,842)
	(12,842)
NET INCREASE IN CASH AND CASH EQUIVALENTS	\$ 173,157
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,049,663
	1,049,663
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,222,820
	1,222,820

The accompanying notes are an integral part this statement.

CENTER FOR RESPONSIVE POLITICS

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

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, 2011

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

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, 2011.

CENTER FOR RESPONSIVE POLITICS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2011

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 October 26, 2012 which is the date the financial statements were available to be issued. No subsequent events requiring disclosure were identified based on this evaluation.

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, 2011 are due in one year or less, the balance of unconditional promises to give at December 31, 2011 was \$445,100.

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, 2011 was \$12,700 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, 2011

Note 6. Operating Lease:

The Center has an operating lease for office space that expires on September 30, 2017. Future minimum rental payments under the leases are as follows for the years ending December 31:

2012	\$ 173,107
2013	177,444
2014	181,876
2015	186,416
	191,078
Thereafter	146,494
Total	<u>\$ 1,056,415</u>

Rent expense for the year ended December 31, 2011 was \$163,082.

Note 7. Temporarily Restricted Net Assets:

At December 31, 2011 temporarily restricted net assets consisted of the following:

Time Restrictions - General Support	<u>\$ 445,100</u>
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