

**CENTER FOR RESPONSIVE POLITICS
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2012**

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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 financial statements of the Center for Responsive Politics (a nonprofit organization), which comprise the statement of financial position as of December 31, 2012 and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2012 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Chapman & Wilson, P.C.

Washington, DC
October 8, 2013

CENTER FOR RESPONSIVE POLITICS

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2012

ASSETS

CURRENT ASSETS:

Cash and cash equivalents (Note 2)	\$ 1,971,349
Unconditional promises to give (Notes 2 and 4)	425,000
Prepaid expenses	24,592
Total Current Assets	<u>\$ 2,420,941</u>

PROPERTY AND EQUIPMENT, at cost (Note 2)

Furniture and equipment	\$ 605,667
Leasehold improvement	22,171
	<u>\$ 627,838</u>
Less: accumulated depreciation	(608,813)
Property and Equipment, net	<u>\$ 19,025</u>

OTHER ASSETS:

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

\$ 2,468,851

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts payable	\$ 30,919
Accrued payroll	45,267
Total Current Liabilities	<u>\$ 76,186</u>

NET ASSETS:

Unrestricted (Note 2)	\$ 1,746,831
Temporarily restricted (Notes 2 and 7)	645,834

Total Net Assets \$ 2,392,665

TOTAL LIABILITIES AND NET ASSETS

\$ 2,468,851

The accompanying notes are an integral part of this statement.

CENTER FOR RESPONSIVE POLITICS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2012

	Unrestricted	Temporarily Restricted	Total
REVENUES:			
Contributions (Note 2)	\$ 620,043	\$ 500,000	\$ 1,120,043
Contract fees	763,297	-	763,297
Library services	20,750	-	20,750
Interest Income	10,218	-	10,218
Other Income	9,070	-	9,070
Net assets released from restriction:			
Satisfaction of time restriction	299,266	(299,266)	-
Total Revenues	\$ 1,722,644	\$ 200,734	\$ 1,923,378
PROGRAM AND SUPPORT SERVICES EXPENSES:			
Program services:			
Research and analysis	\$ 510,133	\$ -	\$ 510,133
Library services	42,864	-	42,864
Education and outreach	570,969	-	570,969
Total Program Expenses	\$ 1,123,966	\$ -	\$ 1,123,966
Supporting services:			
Management and general	\$ 70,500	\$ -	\$ 70,500
Grant development	78,563	-	78,563
Total Supporting Expenses	\$ 149,063	\$ -	\$ 149,063
Total Expenses	\$ 1,273,029	\$ -	\$ 1,273,029
CHANGE IN NET ASSETS	\$ 449,615	\$ 200,734	\$ 650,349
NET ASSETS, BEGINNING OF YEAR	1,297,216	445,100	1,742,316
NET ASSETS, END OF YEAR	\$ 1,746,831	\$ 645,834	\$ 2,392,665

The accompanying notes are an integral part of this statement.

CENTER FOR RESPONSIVE POLITICS

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2012

	Program Services			Supporting Services			Total Expenses	
	Research and Analysis	Library Services	Education and Outreach	Total Program Services	Management and General	Grant Development		Total Supporting Services
Accounting services	\$ 8,813	\$ 801	\$ 10,416	\$ 20,030	\$ 1,230	\$ 855	\$ 2,085	\$ 22,115
Computer expense	111	10	131	252	15	11	26	278
Consulting fees	24,894	-	-	24,894	-	31,643	31,643	56,537
Contracts with service bureau	2,659	242	3,143	6,044	371	258	629	6,673
Depreciation	3,734	339	4,413	8,486	522	362	884	9,370
Insurance	3,334	303	3,941	7,578	465	323	788	8,366
Legal	-	-	-	-	1,000	-	1,000	1,000
Meetings and conferences	13,722	-	13,722	27,444	1,200	-	1,200	28,644
Occupancy, parking, utilities	68,966	6,270	81,506	156,742	9,623	6,688	16,311	173,053
Office	-	-	-	-	1,069	-	1,069	1,069
Online service	6,043	549	7,141	13,733	843	586	1,429	15,162
Postage and delivery	646	59	764	1,469	90	63	153	1,622
Printing and production	1,962	178	2,318	4,458	274	190	464	4,922
Repairs and maintenance	401	36	474	911	56	39	95	1,006
Salaries, payroll taxes	364,239	33,113	430,463	827,815	50,823	35,319	86,142	913,957
employee benefits	3,128	284	3,696	7,108	-	-	-	7,108
Subscriptions	2,113	192	2,497	4,802	291	205	496	5,298
Supplies	4,741	431	5,603	10,775	661	460	1,121	11,896
Telephone	627	57	741	1,425	1,967	1,561	3,528	4,953
Travel								
Total Expenses	\$ 510,133	\$ 42,864	\$ 570,969	\$ 1,123,966	\$ 70,500	\$ 78,563	\$ 149,063	\$ 1,273,029

The accompanying notes are an integral part of this statement.

CENTER FOR RESPONSIVE POLITICS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2012

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ 650,349
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	9,370
Change in assets and liabilities:	
Decrease in accounts receivable	66,000
Decrease in unconditional promises to give	20,100
Increase in prepaid expense	(9,174)
Increase in accounts payable	14,168
Increase in accrued payroll	1,500
	<hr/>
Net Cash Provided By Operating Activities	\$ 752,313
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of property and equipment	<hr/> (3,784)
NET INCREASE IN CASH AND CASH EQUIVALENTS	\$ 748,529
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<hr/> 1,222,820
CASH AND CASH EQUIVALENTS, END OF YEAR	<hr/> \$ 1,971,349 <hr/>

The accompanying notes are an integral part this statement.

CENTER FOR RESPONSIVE POLITICS

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012

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 and Unconditional Promises to Give

Accounts receivables are recorded at the amounts the Center for Responsive Politics expects to collect on balances outstanding at year end. 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 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.

CENTER FOR RESPONSIVE POLITICS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

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.

The Center's Form 990, *Return of Exemption from Income Tax*, for the years ended 2009, 2010 and 2011 are subject to examination by the IRS, generally for three years after they were filed.

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, 2012.

CENTER FOR RESPONSIVE POLITICS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

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 8, 2013 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 are due in one year or less. The balance of unconditional promises to give at December 31, 2012 was \$425,000.

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, 2012 was \$9,835 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, 2012

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 lease are as follows for the years ending December 31:

2013	\$ 177,444
2014	181,876
2015	186,416
2016	191,078
2017	<u>146,494</u>
Total	<u>\$ 883,308</u>

Rent expense for the year ended December 31, 2012 was \$173,053.

Note 7. Temporarily Restricted Net Assets:

At December 31, 2012 temporarily restricted net assets consisted of the following:

Time Restricted - General Support	375,000
Research and Analysis	<u>270,834</u>
Total	<u>\$ 645,834</u>

