



CHALLENGING GRANTMAKERS TO STRENGTHEN COMMUNITIES

Financial Statements

For the Year Ended September 30, 2009

(With Summarized Financial Information for the Year Ended September 30, 2008)



**and
Report Thereon**





INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
National Committee for Responsive Philanthropy

CONSULTING
ACCOUNTING
TECHNOLOGY

*Certified Public
Accountants*

We have audited the accompanying statement of financial position of the National Committee for Responsive Philanthropy (NCRP) as of September 30, 2009, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of NCRP's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from NCRP's 2008 financial statements and, in our report dated December 19, 2008, we expressed an unqualified opinion on those statements.

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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of NCRP's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 NCRP as of September 30, 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.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of functional expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information for the year ended September 30, 2009 has been subjected to the auditing procedures applied in the audit of the basic financial statements, and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

RAFFA, P.C.

Washington, DC
December 21, 2009

NATIONAL COMMITTEE FOR RESPONSIVE PHILANTHROPY

STATEMENT OF FINANCIAL POSITION

September 30, 2009

(With Summarized Financial Information as of September 30, 2008)

	<u>2009</u>	<u>2008</u>
ASSETS		
Cash and cash equivalents	\$ 284,638	\$ 144,576
Investments	1,379,581	1,740,836
Grants and contributions receivable	441,000	50,000
Accounts receivable	532	9,334
Prepaid expenses	27,025	18,353
Property and equipment, net	<u>27,818</u>	<u>12,252</u>
TOTAL ASSETS	<u>\$ 2,160,594</u>	<u>\$ 1,975,351</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts Payable	\$ 62,726	\$ 52,595
Accrued expenses	<u>28,775</u>	<u>17,514</u>
TOTAL LIABILITIES	<u>91,501</u>	<u>70,109</u>
Net Assets		
Board designated funds	670,000	555,000
Undesignated funds	<u>943,977</u>	<u>1,292,742</u>
Total Unrestricted	1,613,977	1,847,742
Temporarily restricted	<u>455,116</u>	<u>57,500</u>
TOTAL NET ASSETS	<u>2,069,093</u>	<u>1,905,242</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,160,594</u>	<u>\$ 1,975,351</u>

The accompanying notes are an integral part of these financial statements.

NATIONAL COMMITTEE FOR RESPONSIVE PHILANTHROPY
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2009
(With Summarized Financial Information for the Year Ended September 30, 2008)

	Unrestricted	Temporarily Restricted	2009 Total	2008 Total
SUPPORT AND REVENUE				
Foundation grants	\$ 811,250	\$ 466,000	\$ 1,277,250	\$ 1,108,300
Membership dues	189,720	-	189,720	202,349
Interest	44,421	-	44,421	49,738
Contributions	12,600	-	12,600	15,917
Publications	6,320	-	6,320	2,872
Miscellaneous	960	-	960	1,797
Contracts and service agreements	-	-	-	500
Net assets released from restrictions:				
Satisfaction of program restrictions	10,884	(10,884)	-	-
Satisfaction of time restrictions	57,500	(57,500)	-	-
	1,133,655	397,616	1,531,271	1,381,473
EXPENSES				
Program Services				
Membership, Alliances and Communications	286,592	-	286,592	418,647
Watchdogging and Criteria for Philanthropy at Its Best	385,382	-	385,382	153,149
Grantmaking for Community Impact Project	384,158	-	384,158	101,820
Social justice	-	-	-	14,008
	1,056,132	-	1,056,132	687,624
Supporting Services				
Administrative	187,180	-	187,180	183,248
Fundraising	124,108	-	124,108	102,625
	311,288	-	311,288	285,873
	1,367,420	-	1,367,420	973,497
	(233,765)	397,616	163,851	407,976
NET ASSETS, BEGINNING OF YEAR	1,847,742	57,500	1,905,242	1,497,266
NET ASSETS, END OF YEAR	\$ 1,613,977	\$ 455,116	\$ 2,069,093	\$ 1,905,242

The accompanying notes are an integral part of these financial statements.

NATIONAL COMMITTEE FOR RESPONSIVE PHILANTHROPY
STATEMENT OF CASH FLOWS
For the Year Ended September 30, 2009
(With Summarized Financial Information for the Year Ended September 30, 2008)
Increase (Decrease) in Cash and Cash Equivalents

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 163,851	\$ 407,976
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	12,426	9,726
Changes in assets and liabilities:		
Grants and contributions receivable	(391,000)	210,000
Accounts receivable	8,802	(9,334)
Prepaid expenses	(8,672)	(417)
Accounts payable	10,131	17,745
Accrued expenses	11,261	9,980
	(193,201)	645,676
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(205,204)	(1,603,434)
Proceeds from sales of investments	566,459	503,929
Purchases of property and equipment	(27,992)	(1,251)
	333,263	(1,100,756)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		
NET (DECREASE) INCREASE IN CASH	140,062	(455,080)
CASH, BEGINNING OF YEAR	144,576	599,656
CASH, END OF YEAR	\$ 284,638	\$ 144,576

The accompanying notes are an integral part of these financial statements.

NATIONAL COMMITTEE FOR RESPONSIVE PHILANTHROPY

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2009

1. Organization and Summary of Significant Accounting Policies

Organization

The National Committee for Responsive Philanthropy (NCRP) is a publicly-supported organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The purposes for which NCRP was organized are as follows:

- To establish a forum broadly representative of all segments of the public to exchange information and views with respect to important public issues;
- To conduct charitable activities designed to improve the morale and sense of public involvement of disadvantaged minority groups and other citizens of the United States of America;
- To monitor the operations of public and private philanthropic institutions and programs to determine their responsiveness to public needs;
- To conduct research directed toward questions of public and private sector responsiveness to public needs, including the accessibility of institutions to disadvantaged minorities and other groups within the citizenry;
- To educate the public and persons able to influence philanthropic processes and priorities of the needs of disadvantaged minorities and other groups within the citizenry and how those needs can best be met;
- To issue publications, newsletters, studies, filings and other materials on questions of citizenship involvement in public and private processes and all other subjects relevant to NCRP's charitable objectives.

These activities are funded primarily through foundation grants.

Cash and Cash Equivalents

NCRP considers all highly liquid investments not held for long-term investment purposes with purchased maturities of three months or less to be cash equivalents.

Investments

Investments consist of certificates of deposits. These investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Continued

NATIONAL COMMITTEE FOR RESPONSIVE PHILANTHROPY

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2009

1. Organization and Summary of Significant Accounting Policies (continued)

Fair Value of Financial Instruments

Accounting standards define fair value and establish a framework for measuring fair value for those assets and liabilities which are measured at fair value on a recurring basis. The fair value measurement principles are effective for fiscal years beginning after November 15, 2007 and its provisions are applied prospectively. In accordance with the fair value measurement standards, NCRP has categorized its applicable financial instruments into a required fair value hierarchy as of September 30, 2009. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Applicable financial assets and liabilities are categorized based on the inputs to the valuation techniques as follows:

Level 1 - Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that the NCRP has the ability to access.

Level 2 - Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.

Level 3 - Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management's own assumptions about the assumptions a market participant would use in pricing the asset or liability.

As of September 30, 2009, only NCRP's investments, as described in Note 2 of these financial statements, were measured at fair value on a recurring basis.

Property and Equipment and Related Depreciation and Amortization

Property and equipment consist principally of office furniture and related equipment, which are recorded at cost. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets, generally three years for computer equipment and five years for other office equipment and furniture, or the terms of the respective capital leases. NCRP capitalizes property and equipment with a cost of \$1,000 or more. The cost of property and equipment retired or disposed of is removed from the accounts along with the related accumulated depreciation, and any gain or loss is reflected as income.

Continued

NATIONAL COMMITTEE FOR RESPONSIVE PHILANTHROPY

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2009

1. Organization and Summary of Significant Accounting Policies (continued)

Classification of Net Assets

The net assets of NCRP are reported as follows:

- Unrestricted net assets represent the portion of expendable funds that are available for support of NCRP's operations. Board designated funds represent amounts to be used as a reserve fund.
- Temporarily restricted net assets represent amounts that are specifically restricted by donors or grantors for various purposes or future time periods.

Revenue Recognition

NCRP reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported on the accompanying statement of activities as net assets released from restrictions.

Unrestricted contributions and grants are reported as revenue in the year in which the payments are received and/or unconditional promises are made. Revenue recognized on contributions that have been committed to NCRP but have not been received is reflected as grants and contributions receivable on the accompanying statement of financial position.

Membership dues are considered contributions and are recognized as unrestricted revenue when received.

Functional Allocation of Expenses

The costs of providing the various programs and other activities of NCRP have been allocated among the programs and supporting services benefited based on direct costs and an allocated portion of shared costs based on the benefits received by those programs and supporting services.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Continued

NATIONAL COMMITTEE FOR RESPONSIVE PHILANTHROPY

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2009

2. Investments

As of September 30, 2009, investments held by NCRP consisted of certificates of deposits with a cost and a market value of \$1,379,581.

As of September 30, 2009, NCRP used the following fair value measurements:

	<u>Total</u>	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Certificates of deposit	\$ <u>1,379,581</u>	\$ -	\$ <u>1,379,581</u>	\$ -
Total	\$ <u>1,379,581</u>	\$ -	\$ <u>1,379,581</u>	\$ -

Investment income for the year ended September 30, 2009 consisted of interest of \$44,421.

The contractual maturities of certificates of deposit are comprised of the following at September 30, 2009:

Within one year	\$ 823,897
After one year through five years	<u>555,684</u>
Total Certificates of Deposit	\$ <u>1,379,581</u>

3. Grants and Contributions Receivable

Grants and contributions receivable represent grants and contributions from foundations and corporations. As of September 30, 2009, all receivables are considered fully collectible and are expected to be received as follows:

Less than one year	\$ 391,000
One to five years	<u>50,000</u>
Total Grants and Contribution Receivable	\$ <u>441,000</u>

The present value factor of grants and contributions receivable due in one to five years was not considered significant to NCRP's financial statements and, accordingly, not recognized in these financial statements.

Continued

NATIONAL COMMITTEE FOR RESPONSIVE PHILANTHROPY

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2009

4. Property, Equipment and Accumulated Depreciation and Amortization

NCRP held the following property and equipment as of September 30, 2009:

Fixtures and equipment	\$ 47,633
Computers	41,351
Less: accumulated depreciation	<u>(61,166)</u>
Property and Equipment	<u>\$ 27,818</u>

Depreciation and amortization expense for the year ended September 30, 2009 was \$12,426.

5. Temporarily Restricted Net Assets

Temporarily restricted net assets of NCRP are available for the following programs or time periods as of September 30, 2009:

Philanthropy at Its Best consultation program with Annie E. Casey Foundation (under the Watchdogging and Criteria for Philanthropy at Its Best Program)	\$ 14,116
General operations for future periods	<u>441,000</u>
Total Temporarily Restricted Net Assets	<u>\$ 455,116</u>

6. Operating Leases

NCRP rents office space for its headquarters under a non-cancelable operating lease. The lease for its headquarters space expires January 31, 2010. NCRP is responsible for its proportionate share of real estate taxes and operating and maintenance costs of the landlord. Total office rent expense including NCRP's proportionate share of real estate taxes and operating and maintenance costs for the year ended September 30, 2009 was \$66,884.

NCRP also rents equipments from GE capital under non-cancelable operating leases.

As of September 30, 2009, future minimum lease payments required under these operating leases are as follows:

For the Years Ending September 30,	
2010	\$ 21,918
2011	5,310
2012	<u>1,512</u>
Total	<u>\$ 28,740</u>

Continued

NATIONAL COMMITTEE FOR RESPONSIVE PHILANTHROPY

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2009

7. Pension Plan

NCRP employees are eligible to participate in a defined contribution pension plan. Contributions are made by NCRP to the plan at the rate of 8% of an employee's salary. The employee is immediately vested in the amount contributed to their pension account. Upon retirement, the employee has several options for payment of the balance in their pension account. Pension expense for the year ended September 30, 2009 was \$45,973.

8. Line of Credit

NCRP has a \$100,000 line of credit with a financial institution. The interest rate is calculated based on a rate of 1% over the lender's index rate that is pre-negotiated. The interest rate was 5.25% as of September 30, 2009. The line of credit agreement expires May 25, 2010. No amounts were advanced under this agreement during the year ended September 30, 2009.

9. Income Taxes

NCRP is a nonprofit organization exempt from federal taxes on income other than net unrelated business income under Section 501(c)(3) of the Internal Revenue Code. No provision for federal or state income taxes is required as of September 30, 2009 as NCRP had no taxable net unrelated business income.

The Financial Accounting Standards Board (FASB) has issued additional guidance for accounting for uncertainty in income taxes recognized in an organization's financial statements and prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The accounting standards also provide guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. Any cumulative effect from the change in accounting principle resulting from the application of the new accounting standard is to be recognized as an adjustment to opening net assets.

The FASB allows non-public companies the option to elect to defer the application of the accounting standard described above to fiscal years beginning after December 15, 2008. NCRP has elected to defer application of this accounting standard. NCRP will adopt the provisions of this accounting standard during the year ending September 30, 2010. NCRP reviews and assesses all ongoing activities annually to identify any changes in the scope of the activities and revenue sources and the tax treatment thereof to identify any uncertain tax positions. Management of NCRP believes there will be no material impact to NCRP's financial statements as a result of the adoption of this new accounting standard.

Continued

NATIONAL COMMITTEE FOR RESPONSIVE PHILANTHROPY

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2009

10. Summarized Financial Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class and functional area. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with NCRP's financial statements for the year ended September 30, 2008, from which the summarized information was derived.

11. Subsequent Events

NCRP's management has evaluated subsequent events through December 21, 2009, the date the financial statements were available to be issued. There were no subsequent events identified through December 21, 2009, that are required to be disclosed in these financial statements.

SUPPLEMENTAL INFORMATION

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NATIONAL COMMITTEE FOR RESPONSIVE PHILANTHROPY

SUPPLEMENTAL SCHEDULE OF FUNCTIONAL EXPENSES

For the Year Ended September 30, 2009

(With Summarized Financial Information for the Year Ended September 30, 2008)

	Membership, Alliances and Communications	Watchdogging and Criteria for Philanthropy at Its Best	Grantmaking for Community Impact Project	Total Program Services	Administrative	Fundraising	2009 Total	2008 Total
Salaries	\$ 112,164	\$ 143,128	\$ 119,904	\$ 375,196	\$ 155,985	\$ 57,156	\$ 588,337	\$ 437,850
Payroll taxes and fringe benefits	48,983	58,700	51,986	159,669	40,592	24,127	224,388	157,569
Consulting fees	27,463	30,150	59,093	116,706	2,599	-	119,305	82,924
Travel, meals, and entertainment	20,166	12,754	49,352	82,272	13,658	866	96,796	65,027
Printing	5,178	40,187	20,032	65,397	3,774	-	69,171	15,351
Rent	-	-	-	-	66,884	-	66,884	56,049
Professional fees	237	428	-	665	41,062	-	41,727	51,454
Miscellaneous	520	1,385	6	1,911	19,586	8,804	30,301	36,450
Dues and subscriptions	747	7,113	3,165	11,025	15,041	1,499	27,565	13,467
Furniture, equipment and software	-	34	126	160	24,073	-	24,233	18,596
Postage, mailing and delivery	1,997	11,191	1,532	14,720	5,166	742	20,628	9,947
NCRP conferences and workshops	3,051	4,296	11,637	18,984	421	-	19,405	3,860
Telephone and internet	4,099	481	1,280	5,860	9,811	-	15,671	9,256
Depreciation and amortization	-	-	-	-	12,426	-	12,426	9,726
Office supplies	79	56	175	310	5,810	-	6,120	5,371
Interns	-	-	-	-	4,463	-	4,463	600
Indirect cost allocation	61,908	75,479	65,870	203,257	(234,171)	30,914	-	-
Total Expenses	\$ 286,592	\$ 385,382	\$ 384,158	\$ 1,056,132	\$ 187,180	\$ 124,108	\$ 1,367,420	\$ 973,497