



Financial Statements

For the Year Ended September 30, 2011

(With Summarized Financial Information for the Year Ended September 30, 2010)



**and
Report Thereon**



NATIONAL COMMITTEE FOR RESPONSIVE PHILANTHROPY

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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, 2011, 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 2010 financial statements and, in our report dated January 10, 2011, 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, 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.

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 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.
RAFFA, P.C.

Washington, DC
January 25, 2012

NATIONAL COMMITTEE FOR RESPONSIVE PHILANTHROPY

STATEMENT OF FINANCIAL POSITION

September 30, 2011

(With Summarized Financial Information as of September 30, 2010)

	<u>2011</u>	<u>2010</u>
ASSETS		
Cash and cash equivalents	\$ 639,958	\$ 983,139
Grants and contributions receivable	256,750	570,000
Prepaid expenses and other assets	40,096	39,853
Investments	779,868	578,960
Security deposit	18,267	5,837
Property and equipment, net	<u>11,417</u>	<u>25,861</u>
TOTAL ASSETS	<u><u>\$ 1,746,356</u></u>	<u><u>\$ 2,203,650</u></u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 37,076	\$ 59,472
Accrued expenses	<u>49,009</u>	<u>22,985</u>
TOTAL LIABILITIES	<u>86,085</u>	<u>82,457</u>
Net Assets		
Unrestricted		
Board-designated funds	775,000	775,000
Undesignated funds	<u>628,521</u>	<u>781,193</u>
Total Unrestricted	1,403,521	1,556,193
Temporarily restricted	<u>256,750</u>	<u>565,000</u>
TOTAL NET ASSETS	<u>1,660,271</u>	<u>2,121,193</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,746,356</u></u>	<u><u>\$ 2,203,650</u></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, 2011

(With Summarized Financial Information for the Year Ended September 30, 2010)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2011 Total</u>	<u>2010 Total</u>
SUPPORT AND REVENUE				
Foundation grants	\$ 794,000	\$ 206,750	\$ 1,000,750	\$ 1,366,950
Membership dues	172,078	-	172,078	162,895
Interest	21,921	-	21,921	30,720
Publications	1,270	-	1,270	2,140
Contributions	450	-	450	1,330
Miscellaneous	1,316	-	1,316	240
Net assets released from restrictions:				
Satisfaction of time restrictions	<u>515,000</u>	<u>(515,000)</u>	<u>-</u>	<u>-</u>
 TOTAL SUPPORT AND REVENUE	 <u>1,506,035</u>	 <u>(308,250)</u>	 <u>1,197,785</u>	 <u>1,564,275</u>
 EXPENSES				
Program Services:				
Grantmaking for Community Impact				
Project	269,900	-	269,900	566,578
Other Program Work	440,466	-	440,466	335,125
High-Impact Strategies for Philanthropy	330,432	-	330,432	146,862
Philanthropy's Promise	<u>365,572</u>	<u>-</u>	<u>365,572</u>	<u>161,247</u>
Total Program Services	<u>1,406,370</u>	<u>-</u>	<u>1,406,370</u>	<u>1,209,812</u>
Supporting Services:				
Administrative	115,605	-	115,605	163,389
Fundraising	<u>136,732</u>	<u>-</u>	<u>136,732</u>	<u>138,974</u>
Total Supporting Services	<u>252,337</u>	<u>-</u>	<u>252,337</u>	<u>302,363</u>
 TOTAL EXPENSES	 <u>1,658,707</u>	 <u>-</u>	 <u>1,658,707</u>	 <u>1,512,175</u>
 CHANGE IN NET ASSETS	 (152,672)	 (308,250)	 (460,922)	 52,100
 NET ASSETS, BEGINNING OF YEAR	 <u>1,556,193</u>	 <u>565,000</u>	 <u>2,121,193</u>	 <u>2,069,093</u>
 NET ASSETS, END OF YEAR	 <u>\$ 1,403,521</u>	 <u>\$ 256,750</u>	 <u>\$ 1,660,271</u>	 <u>\$ 2,121,193</u>

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, 2011

(With Summarized Financial Information for the Year Ended September 30, 2010)

Increase (Decrease) in Cash and Cash Equivalents

	<u>2011</u>	<u>2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (460,922)	\$ 52,100
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	14,444	14,675
Changes in assets and liabilities:		
Grants and contributions receivable	313,250	(129,000)
Prepaid expenses and other assets	(243)	(12,296)
Security deposit	(12,430)	(5,837)
Accounts payable	(22,396)	(3,254)
Accrued expenses	26,024	(5,790)
	<u>(142,273)</u>	<u>(89,402)</u>
NET CASH USED IN OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(295,410)	(145,061)
Proceeds from sales of investments	94,502	945,682
Purchases of property and equipment	-	(12,718)
	<u>(200,908)</u>	<u>787,903</u>
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(343,181)	698,501
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>983,139</u>	<u>284,638</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 639,958</u>	<u>\$ 983,139</u>

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

NATIONAL COMMITTEE FOR RESPONSIVE PHILANTHROPY

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2011

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; and
- 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 deposit. 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 FINANCIAL STATEMENTS

For the Year Ended September 30, 2011

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

Fair Value of Financial Instruments

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurements*, defines fair value, establishes a framework for measuring fair value in accordance with generally accepted accounting principles and requires disclosures about fair value measurements for assets and liabilities measured at fair value on a recurring basis. The ASC emphasizes that fair value is a market-based measurement, not an entity-specific measurement, and therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, the ASC established a fair value hierarchy based upon the transparency of the inputs to the valuation of an asset or liability. These inputs may be observable, whereby market participant assumptions are developed based on market data obtained from independent sources, and unobservable, whereby assumptions about market participant assumptions are developed by the reporting entity based on the best information available in the circumstances.

The three levels of the fair value hierarchy are described as follows:

Level 1 – Inputs based on quoted prices (unadjusted) in active markets for identical assets or liabilities accessible at the measurement date.

Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly, such as quoted prices for similar assets or liabilities in active markets.

Level 3 – Unobservable inputs for the asset or liability, including the reporting entity's own assumptions in determining the fair value measurement.

As of September 30, 2011, 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 Accumulated 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. 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 FINANCIAL STATEMENTS

For the Year Ended September 30, 2011

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. Donor-restricted grants and contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

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 FINANCIAL STATEMENTS

For the Year Ended September 30, 2011

2. Investments

As of September 30, 2011, investments held by NCRP consisted of certificates of deposit with a fair value of \$779,868.

As of September 30, 2011, 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>779,868</u>	\$ -	\$ <u>779,868</u>	\$ -
Total	\$ <u>779,868</u>	\$ -	\$ <u>779,868</u>	\$ -

NCRP valued its certificates of deposit at fair value by discounting the related cash flows based on current yields of similar instruments with comparable characteristics.

For the year ended September 30, 2011, investment income consisted of interest income earned on NCRP's certificates of deposit and cash accounts of \$21,921.

The contractual maturities of the certificates of deposit are composed of the following at September 30, 2011:

Within one year	\$ 704,868
After one year through five years	<u>75,000</u>
Total Certificates of Deposit	\$ <u>779,868</u>

3. Grants and Contributions Receivable

Grants and contributions receivable represent grants and contributions from foundations and corporations. As of September 30, 2011, all grants and contributions receivable are considered fully collectible and are expected to be received as follows:

Less than one year	\$ 166,750
One to five years	<u>90,000</u>
Total Grants and Contributions Receivable	\$ <u>256,750</u>

Continued

NATIONAL COMMITTEE FOR RESPONSIVE PHILANTHROPY

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2011

3. Grants and Contributions Receivable (continued)

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, was not recognized in these financial statements.

In addition, as of September 30, 2011, NCRP was notified by a donor that they intend to award NCRP a grant of approximately \$400,000. This grant was not recognized as a receivable or revenue in the accompanying financial statements, as the grant was approved by the grantor after September 30, 2011; therefore, the grant was not an unconditional promise to give as of September 30, 2011.

4. Property and Equipment and Accumulated Depreciation and Amortization

NCRP held the following property and equipment as of September 30, 2011:

Fixtures and equipment	\$ 48,243
Computers	<u>53,458</u>
Total	101,701
Less: Accumulated Depreciation	<u>(90,284)</u>
Property and Equipment, Net	<u>\$ 11,417</u>

Depreciation and amortization expense was \$14,444 for the year ended September 30, 2011.

5. Temporarily Restricted Net Assets

As of September 30, 2011, temporarily restricted net assets of \$256,750 are dedicated for general operations in future periods.

6. Commitments and Contingencies

Operating Lease

NCRP rents office space for its headquarters under a noncancelable operating lease. The lease for its headquarters space expires July 31, 2016, and provides for rent adjustments based on increases in real estate taxes and operating expenses, increases in the base rent of approximately \$2,800 per year, and two months' rental abatement. Under accounting principles generally accepted in the United States of America, all fixed rent increases are

Continued

NATIONAL COMMITTEE FOR RESPONSIVE PHILANTHROPY

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2011

6. Commitments and Contingencies (continued)

Operating Lease (continued)

recognized on a straight-line basis over the term of the lease. The difference between this expense and the required lease payments is reflected in accrued expenses in the accompanying statement of financial position.

The future minimum rental payments required under this operating lease are as follows:

<u>For the Year Ending</u> <u>September 30,</u>	
2012	\$ 110,957
2013	113,730
2014	116,573
2015	119,490
2016	<u>101,855</u>
Total	<u>\$ 562,605</u>

Total office rent expense, including NCRP's proportionate share of real estate taxes and operating and maintenance costs, was \$93,618 for the year ended September 30, 2011.

Concentration of Risk

NCRP maintains its cash and cash equivalents and investments with certain commercial financial institutions, which aggregate balance, at times, may exceed the Federal Deposit Insurance Corporation (FDIC) insured limit of \$250,000 per depositor per institution. As of September 30, 2011, NCRP had approximately \$1,513,000 composed of demand deposits and certificates of deposit (excluding noninterest-bearing transaction accounts, which are fully insured regardless of their balance). NCRP monitors the creditworthiness of these institutions and has not experienced any credit losses on its cash and cash equivalents and investments. As of September 30, 2011, there are no amounts in excess of the maximum limit insured by the FDIC.

7. Pension Plan

NCRP's 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. An employee is immediately vested in the amount contributed to his or her pension account. Upon his or her retirement, an employee has several options for payment of the balance in his or her pension account. Pension expense was \$54,446 for the year ended September 30, 2011.

Continued

NATIONAL COMMITTEE FOR RESPONSIVE PHILANTHROPY

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2011

8. Line of Credit

NCRP has a \$200,000 line of credit with a financial institution. The interest rate is calculated based on the prime rate, as published in *The Wall Street Journal*, adjusted on a daily basis plus 1% and subject to a floor of 4.75%. The interest rate was 4.75% as of September 30, 2011. The line of credit agreement will expire on April 1, 2012. The line of credit is secured with a blanket lien on all of NCRP's assets. No amounts were advanced under this agreement during the year ended September 30, 2011.

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, 2011, as NCRP had no taxable net unrelated business income.

NCRP follows the authoritative guidance relating to accounting for uncertainty in income taxes included in ASC Topic *Income Taxes*. These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition and derecognition of tax positions taken or expected to be taken in a tax return. NCRP performed an evaluation of uncertain tax positions for the year ended September 30, 2011, and determined that there were no matters that would require recognition in the financial statements or that may have any effect on its tax-exempt status. As of September 30, 2011, the statute of limitations for tax years 2007 through 2009 remains open with the U.S. federal jurisdiction or the various states and local jurisdictions in which NCRP files tax returns. It is NCRP's policy to recognize interest and/or penalties related to uncertain tax positions, if any, in income tax expense. As of September 30, 2011, NCRP had no accruals for interest and/or penalties.

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, 2010, from which the summarized information was derived.

Continued

NATIONAL COMMITTEE FOR RESPONSIVE PHILANTHROPY

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2011

11. Subsequent Events

In preparing these financial statements, NCRP has evaluated events and transactions for potential recognition or disclosure through January 25, 2012, the date the financial statements were available to be issued. There were no subsequent events that require recognition of, or disclosure in, the financial statements.

SUPPLEMENTAL INFORMATION

NATIONAL COMMITTEE FOR RESPONSIVE PHILANTHROPY

SCHEDULE OF FUNCTIONAL EXPENSES

For the Year Ended September 30, 2011

(With Summarized Financial Information for the Year Ended September 30, 2010)

	Other Program Work	Philanthropy's Promise	Grantmaking for Community Impact Project	High-Impact Strategies for Philanthropy	Total Program Services	Administrative	Fundraising	2011 Total	2010 Total
Salaries	\$ 184,841	\$ 139,364	\$ 80,320	\$ 113,710	\$ 518,235	\$ 114,190	\$ 64,785	\$ 697,210	\$ 667,684
Professional fees	21,134	75,229	75,595	95,471	267,429	85,130	1,311	353,870	265,981
Payroll taxes and fringe benefits	59,109	44,538	25,704	36,340	165,691	35,428	20,705	221,824	197,342
Rent and other overhead	3,327	25	47	-	3,399	142,142	-	145,541	128,568
Travel, meals and entertainment	38,927	22,515	20,903	3,626	85,971	19,209	21	105,201	112,923
Printing	5,808	46	16,046	8,600	30,500	3,264	-	33,764	28,057
Dues and subscriptions	13,150	898	184	3,796	18,028	14,227	-	32,255	31,408
Insurance	-	-	-	-	-	19,741	-	19,741	19,068
Depreciation and amortization	-	-	-	-	-	14,444	-	14,444	14,675
Postage, mailing and delivery	3,677	28	3,250	1,219	8,174	1,875	2,248	12,297	19,439
Training and development	156	-	-	-	156	9,770	-	9,926	14,010
State registrations	350	-	-	-	350	50	9,087	9,487	9,423
Bank and credit card fees	-	-	-	-	-	2,603	-	2,603	1,940
Miscellaneous	-	6	61	10	77	442	25	544	657
Advertising	-	-	-	-	-	-	-	-	1,000
Indirect cost allocation	109,987	82,923	47,790	67,660	308,360	(346,910)	38,550	-	-
TOTAL EXPENSES	\$ 440,466	\$ 365,572	\$ 269,900	\$ 330,432	\$ 1,406,370	\$ 115,605	\$ 136,732	\$ 1,658,707	\$ 1,512,175