



CHALLENGING GRANTMAKERS TO STRENGTHEN COMMUNITIES

Financial Statements

For the Year Ended September 30, 2010

(With Summarized Financial Information for the Year Ended September 30, 2009)



**and
Report Thereon**



NATIONAL COMMITTEE FOR RESPONSIVE PHILANTHROPY

TABLE OF CONTENTS
For the Year Ended September 30, 2010

	<i>Page</i>
Independent Auditor's Report	1
Financial Statements	
Statement of Financial Position	2
Statement of Activities	3
Statement of Cash Flows	4
Notes to Financial Statements	5-11
Supplemental Information	
Schedule of Functional Expenses	12



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, 2010, 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 2009 financial statements and, in our report dated December 21, 2009, 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, 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.

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, 2010, 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
January 10, 2011

NATIONAL COMMITTEE FOR RESPONSIVE PHILANTHROPY

STATEMENT OF FINANCIAL POSITION

September 30, 2010

(With Summarized Financial Information as of September 30, 2009)

	<u>2010</u>	<u>2009</u>
ASSETS		
Cash and cash equivalents	\$ 983,139	\$ 284,638
Grants and contributions receivable	570,000	441,000
Prepaid expenses and other assets	39,853	27,557
Investments	578,960	1,379,581
Security deposit	5,837	-
Property and equipment, net	25,861	27,818
TOTAL ASSETS	<u><u>\$ 2,203,650</u></u>	<u><u>\$ 2,160,594</u></u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 59,472	\$ 62,726
Accrued expenses	22,985	28,775
TOTAL LIABILITIES	<u>82,457</u>	<u>91,501</u>
Net Assets		
Board-designated funds	775,000	670,000
Undesignated funds	781,193	943,977
Total Unrestricted	1,556,193	1,613,977
Temporarily restricted	565,000	455,116
TOTAL NET ASSETS	<u>2,121,193</u>	<u>2,069,093</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 2,203,650</u></u>	<u><u>\$ 2,160,594</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, 2010

(With Summarized Financial Information for the Year Ended September 30, 2009)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2010 Total</u>	<u>2009 Total</u>
SUPPORT AND REVENUE				
Foundation grants	\$ 831,950	\$ 535,000	\$ 1,366,950	\$ 1,277,250
Membership dues	162,895	-	162,895	189,720
Interest	30,720	-	30,720	44,421
Publications	2,140	-	2,140	6,320
Contributions	1,330	-	1,330	12,600
Miscellaneous	240	-	240	960
Contracts and service agreements	-	-	-	-
Net assets released from restrictions:				
Satisfaction of program restrictions	19,116	(19,116)	-	-
Satisfaction of time restrictions	406,000	(406,000)	-	-
	<u>1,454,391</u>	<u>109,884</u>	<u>1,564,275</u>	<u>1,531,271</u>
TOTAL REVENUE AND SUPPORT				
EXPENSES				
Program Services:				
Grantmaking for Community Impact Project	566,578	-	566,578	384,158
Membership, Alliances and Communications	335,125	-	335,125	286,592
High Impact Strategies for Philanthropy	146,862	-	146,862	-
Watchdogging and Criteria for Philanthropy at Its Best	161,247	-	161,247	385,382
	<u>1,209,812</u>	<u>-</u>	<u>1,209,812</u>	<u>1,056,132</u>
Total Program Services				
Supporting Services:				
Administrative	163,389	-	163,389	187,180
Fundraising	138,974	-	138,974	124,108
	<u>302,363</u>	<u>-</u>	<u>302,363</u>	<u>311,288</u>
Total Supporting Services				
	<u>1,512,175</u>	<u>-</u>	<u>1,512,175</u>	<u>1,367,420</u>
TOTAL EXPENSES				
CHANGE IN NET ASSETS	(57,784)	109,884	52,100	163,851
NET ASSETS, BEGINNING OF YEAR	<u>1,613,977</u>	<u>455,116</u>	<u>2,069,093</u>	<u>1,905,242</u>
NET ASSETS, END OF YEAR	<u>\$ 1,556,193</u>	<u>\$ 565,000</u>	<u>\$ 2,121,193</u>	<u>\$ 2,069,093</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, 2010
(With Summarized Financial Information for the Year Ended September 30, 2009)
Increase (Decrease) in Cash and Cash Equivalents

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 52,100	\$ 163,851
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	14,675	12,426
Changes in assets and liabilities:		
Grants and contributions receivable	(129,000)	(391,000)
Prepaid expenses and other assets	(12,296)	130
Security deposit	(5,837)	-
Accounts payable	(3,254)	10,131
Accrued expenses	(5,790)	11,261
	(89,402)	(193,201)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(145,061)	(205,204)
Proceeds from sales of investments	945,682	566,459
Purchases of property and equipment	(12,718)	(27,992)
	787,903	333,263
NET INCREASE IN CASH AND CASH EQUIVALENTS	698,501	140,062
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	284,638	144,576
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 983,139	\$ 284,638

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, 2010

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 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, 2010

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. 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, 2010. 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 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, 2010, 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. 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, 2010

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 FINANCIAL STATEMENTS

For the Year Ended September 30, 2010

2. Investments

As of September 30, 2010, investments held by NCRP consisted of certificates of deposit with a fair value of \$578,960.

As of September 30, 2010, 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>578,960</u>	\$ -	\$ <u>578,960</u>	\$ -
Total	\$ <u>578,960</u>	\$ -	\$ <u>578,960</u>	\$ -

Investment income for the year ended September 30, 2010 consisted of interest income of \$30,720.

The contractual maturities of the certificates of deposit are comprised of the following at September 30, 2010:

Within one year	\$ 178,960
After one year through five years	<u>400,000</u>
Total Certificates of Deposit	\$ <u>578,960</u>

3. Grants and Contributions Receivable

Grants and contributions receivable represent grants and contributions from foundations and corporations. As of September 30, 2010, all receivables are considered fully collectible and are expected to be received as follows:

Less than one year	\$ 545,000
One to five years	<u>25,000</u>
Total Grants and Contribution Receivable	\$ <u>570,000</u>

Continued

NATIONAL COMMITTEE FOR RESPONSIVE PHILANTHROPY

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2010

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.

4. Property and Equipment and Accumulated Depreciation and Amortization

NCRP held the following property and equipment as of September 30, 2010:

Fixtures and equipment	\$ 48,243
Computers	<u>53,458</u>
Less: Accumulated depreciation	<u>(75,840)</u>
Property and Equipment	<u>\$ 25,861</u>

Depreciation and amortization expense for the year ended September 30, 2010 was \$14,675.

5. Temporarily Restricted Net Assets

Temporarily restricted net assets of \$565,000 as of September 30, 2010 are dedicated for general operations in future periods.

6. Operating Lease

NCRP rents office space for its headquarters under a noncancelable operating lease. The lease for its headquarters space expires February 28, 2011. NCRP is responsible for its proportionate share of real estate taxes and operating and maintenance costs of the landlord. Subsequent to year-end, NCRP entered into a new operating lease for its Washington, DC office. The new lease 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.

NATIONAL COMMITTEE FOR RESPONSIVE PHILANTHROPY

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2010

6. Operating Lease (continued)

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

<u>For the Year Ending</u> <u>September 30,</u>	
2011	\$ 74,565
2012	110,957
2013	113,730
2014	116,573
2015	119,490
Thereafter	<u>101,855</u>
Total	<u>\$ 637,170</u>

Total office rent expense including NCRP's proportionate share of real estate taxes and operating and maintenance costs for the year ended September 30, 2010, was \$63,977.

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, 2010 was \$51,735.

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 10.25% as of September 30, 2010. The line of credit agreement expires April 15, 2011. No amounts were advanced under this agreement during the year ended September 30, 2010.

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, 2010, as NCRP had no taxable net unrelated business income.

Continued

NATIONAL COMMITTEE FOR RESPONSIVE PHILANTHROPY

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2010

9. Income Taxes (continued)

Effective October 1, 2009, NCRP adopted 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, 2010, 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, 2010, the statute of limitations for the 2006 through 2008 tax years 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, 2010, 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, 2009, from which the summarized information was derived.

11. Reclassifications

Certain 2009 amounts have been reclassified to conform to the 2010 financial statement presentation.

12. Subsequent Events

NCRP's management has evaluated subsequent events through January 10, 2011, the date the financial statements were available to be issued. There were no subsequent events identified through January 10, 2011, that are required to be disclosed in these financial statements.

SUPPLEMENTAL INFORMATION

NATIONAL COMMITTEE FOR RESPONSIVE PHILANTHROPY

SCHEDULE OF FUNCTIONAL EXPENSES

For the Year Ended September 30, 2010

(With Summarized Financial Information for the Year Ended September 30, 2009)

	Membership, Alliances and Communications	Watchdogging and Criteria for Philanthropy at Its Best	Grantmaking for Community Impact Project	High Impact Strategies for Philanthropy	Total Program Services	Administrative	Fundraising	2010 Total	2009 Total
Salaries	\$ 126,733	\$ 63,536	\$ 156,128	\$ 39,595	\$ 385,992	\$ 226,289	\$ 55,403	\$ 667,684	\$ 586,184
Payroll taxes and fringe benefits	33,304	16,667	40,615	10,049	100,635	82,177	14,530	197,342	212,811
Travel, meals and entertainment	20,200	13,413	64,501	620	98,734	13,861	328	112,923	116,203
Printing	7,135	14	16,126	-	23,275	4,782	-	28,057	69,172
Rent and other overhead	2,971	487	1,734	-	5,192	123,303	73	128,568	112,979
Professional fees	7,841	51	109,729	52,259	169,880	96,101	-	265,981	167,647
Dues and subscriptions	4,273	816	2,450	1,200	8,739	22,247	422	31,408	27,565
Postage, mailing and delivery	4,051	1,228	12,977	179	18,435	-	1,004	19,439	20,628
Insurance	-	-	-	-	-	19,068	-	19,068	16,746
Depreciation and amortization	-	-	-	-	-	14,675	-	14,675	12,426
Training and development	298	199	4,332	3,875	8,704	3,647	1,659	14,010	11,578
State registrations	350	-	-	-	350	50	9,023	9,423	9,204
Bank and credit card fees	-	-	35	-	35	1,867	38	1,940	2,260
Advertising	-	-	-	-	-	1,000	-	1,000	950
Miscellaneous	-	17	-	-	17	640	-	657	1,067
Indirect cost allocation	127,969	64,819	157,951	39,085	389,824	(446,318)	56,494	-	-
TOTAL EXPENSES	\$ 335,125	\$ 161,247	\$ 566,578	\$ 146,862	\$ 1,209,812	\$ 163,389	\$ 138,974	\$ 1,512,175	\$ 1,367,420