Financial Statements

For the Year Ended September 30, 2012
(With Summarized Financial Information for the Year Ended September 30, 2011)

and

Report Thereon
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## For the Year Ended September 30, 2012

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INDEPENDENT AUDITOR’S REPORT

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

We have audited the accompanying statement of financial position of the National Committee for Responsive Philanthropy (NCRP) as of September 30, 2012, 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 2011 financial statements and, in our report dated January 25, 2012, 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, 2012, 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 financial statements as a whole. The supplemental schedule of functional expenses is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Raffa, P.C.

Washington, DC
January 25, 2013
# NATIONAL COMMITTEE FOR RESPONSIVE PHILANTHROPY

## STATEMENT OF FINANCIAL POSITION

September 30, 2012

*(With Summarized Financial Information as of September 30, 2011)*

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$537,445</td>
<td>$639,958</td>
</tr>
<tr>
<td>Grants and contributions receivable</td>
<td>559,850</td>
<td>256,750</td>
</tr>
<tr>
<td>Prepaid expenses and other assets</td>
<td>36,267</td>
<td>40,096</td>
</tr>
<tr>
<td>Investments</td>
<td>777,575</td>
<td>779,868</td>
</tr>
<tr>
<td>Security deposit</td>
<td>18,267</td>
<td>18,267</td>
</tr>
<tr>
<td>Property and equipment, net</td>
<td>15,489</td>
<td>11,417</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>$1,944,893</td>
<td>$1,746,356</td>
</tr>
<tr>
<td><strong>LIABILITIES AND NET ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>$19,694</td>
<td>$37,076</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>51,795</td>
<td>49,009</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
<td>71,489</td>
<td>86,085</td>
</tr>
<tr>
<td><strong>Net Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Unrestricted</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Board-designated funds</td>
<td>775,000</td>
<td>775,000</td>
</tr>
<tr>
<td>Undesignated funds</td>
<td>538,404</td>
<td>628,521</td>
</tr>
<tr>
<td><strong>Total Unrestricted</strong></td>
<td>1,313,404</td>
<td>1,403,521</td>
</tr>
<tr>
<td><strong>Temporarily restricted</strong></td>
<td>560,000</td>
<td>256,750</td>
</tr>
<tr>
<td><strong>TOTAL NET ASSETS</strong></td>
<td>1,873,404</td>
<td>1,660,271</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES AND NET ASSETS</strong></td>
<td>$1,944,893</td>
<td>$1,746,356</td>
</tr>
</tbody>
</table>

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, 2012
(With Summarized Financial Information for the Year Ended September 30, 2011)

<table>
<thead>
<tr>
<th>SUPPORT AND REVENUE</th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foundation grants - general support</td>
<td>$1,131,400</td>
<td>$470,000</td>
<td>$1,601,400</td>
<td>$1,153,475</td>
</tr>
<tr>
<td>Foundation grants - specific projects</td>
<td>1,000</td>
<td>-</td>
<td>1,000</td>
<td>2,500</td>
</tr>
<tr>
<td>Interest</td>
<td>19,015</td>
<td>-</td>
<td>19,015</td>
<td>21,921</td>
</tr>
<tr>
<td>Contributions</td>
<td>9,485</td>
<td>-</td>
<td>9,485</td>
<td>17,303</td>
</tr>
<tr>
<td>Publications</td>
<td>1,698</td>
<td>-</td>
<td>1,698</td>
<td>1,270</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>1,585</td>
<td>-</td>
<td>1,585</td>
<td>1,316</td>
</tr>
<tr>
<td>Net assets released from restrictions:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Satisfaction of time restrictions</td>
<td>166,750</td>
<td>(166,750)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL SUPPORT AND REVENUE</strong></td>
<td>$1,330,933</td>
<td>$303,250</td>
<td>$1,634,183</td>
<td>$1,197,785</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EXPENSES</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Program Services:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Analysis, Commentary and Field Presence</td>
<td>464,288</td>
<td>-</td>
<td>464,288</td>
<td>440,466</td>
</tr>
<tr>
<td>Philanthropy's Promise</td>
<td>389,415</td>
<td>-</td>
<td>389,415</td>
<td>365,572</td>
</tr>
<tr>
<td>High-Impact Strategies for Philanthropy</td>
<td>220,087</td>
<td>-</td>
<td>220,087</td>
<td>330,432</td>
</tr>
<tr>
<td>Grantmaking for Community Impact Project</td>
<td>70,391</td>
<td>-</td>
<td>70,391</td>
<td>269,900</td>
</tr>
<tr>
<td><strong>Total Program Services</strong></td>
<td>1,144,181</td>
<td>-</td>
<td>1,144,181</td>
<td>1,406,370</td>
</tr>
<tr>
<td>Supporting Services:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administrative</td>
<td>114,982</td>
<td>-</td>
<td>114,982</td>
<td>115,605</td>
</tr>
<tr>
<td>Fundraising</td>
<td>161,887</td>
<td>-</td>
<td>161,887</td>
<td>136,732</td>
</tr>
<tr>
<td><strong>Total Supporting Services</strong></td>
<td>276,869</td>
<td>-</td>
<td>276,869</td>
<td>252,337</td>
</tr>
<tr>
<td><strong>TOTAL EXPENSES</strong></td>
<td>1,421,050</td>
<td>-</td>
<td>1,421,050</td>
<td>1,658,707</td>
</tr>
</tbody>
</table>

| CHANGE IN NET ASSETS | (90,117) | 303,250 | 213,133 | (460,922) |

| NET ASSETS, BEGINNING OF YEAR | 1,403,521 | 256,750 | 1,660,271 | 2,121,193 |

| NET ASSETS, END OF YEAR | $1,313,404 | $560,000 | $1,873,404 | $1,660,271 |

The accompanying notes are an integral part of these financial statements.
<table>
<thead>
<tr>
<th>Description</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in net assets</td>
<td>$ 213,133</td>
<td>$ (460,922)</td>
</tr>
<tr>
<td>Adjustments to reconcile change in net assets to net cash used in operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>13,617</td>
<td>14,444</td>
</tr>
<tr>
<td>Changes in assets and liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grants and contributions receivable</td>
<td>(303,100)</td>
<td>313,250</td>
</tr>
<tr>
<td>Prepaid expenses and other assets</td>
<td>3,829</td>
<td>(243)</td>
</tr>
<tr>
<td>Security deposit</td>
<td>-</td>
<td>(12,430)</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>(17,382)</td>
<td>(22,396)</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>2,786</td>
<td>26,024</td>
</tr>
<tr>
<td><strong>NET CASH USED IN OPERATING ACTIVITIES</strong></td>
<td><strong>(87,117)</strong></td>
<td><strong>(142,273)</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchases of investments</td>
<td>(697,708)</td>
<td>(295,410)</td>
</tr>
<tr>
<td>Proceeds from sales of investments</td>
<td>700,001</td>
<td>94,502</td>
</tr>
<tr>
<td>Purchases of property and equipment</td>
<td>(17,689)</td>
<td>-</td>
</tr>
<tr>
<td><strong>NET CASH USED IN INVESTING ACTIVITIES</strong></td>
<td><strong>(15,396)</strong></td>
<td><strong>(200,908)</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>NET DECREASE IN CASH AND CASH EQUIVALENTS</strong></td>
<td>(102,513)</td>
<td>(343,181)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</td>
<td>639,958</td>
<td>983,139</td>
</tr>
<tr>
<td>CASH AND CASH EQUIVALENTS, END OF YEAR</td>
<td>$ 537,445</td>
<td>$ 639,958</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
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.
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, 2012, 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.
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.

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.
2. Investments

As of September 30, 2012, investments held by NCRP consisted of certificates of deposit with a fair value of $777,575.

As of September 30, 2012, NCRP used the following fair value measurements:

<table>
<thead>
<tr>
<th>Quoted Prices</th>
<th>Total</th>
<th>Significant Other Observable Inputs (Level 2)</th>
<th>Significant Unobservable Inputs (Level 3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>in Active Markets for Identical Assets (Level 1)</td>
<td>$777,575</td>
<td>$777,575</td>
<td>$777,575</td>
</tr>
<tr>
<td>Certificates of deposit</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>$777,575</td>
<td>$777,575</td>
<td>$777,575</td>
</tr>
</tbody>
</table>

NCRP values 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, 2012, investment income consisted of interest income earned on NCRP’s certificates of deposit and cash accounts of $19,015.

The contractual maturities of the certificates of deposit are composed of the following at September 30, 2012:

- Within one year: $177,575
- After one year through five years: $600,000
- Total Certificates of Deposit: $777,575

3. Grants and Contributions Receivable

Grants and contributions receivable represent grants and contributions from foundations and corporations. As of September 30, 2012, all grants and contributions receivable are considered fully collectible and are expected to be received as follows:

- Less than one year: $529,850
- One to five years: $30,000
- Total Grants and Contributions Receivable: $559,850

The present value factor used to discount 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, 2012:

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixtures and equipment</td>
<td>$48,243</td>
</tr>
<tr>
<td>Computers</td>
<td>$71,147</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$119,390</strong></td>
</tr>
<tr>
<td>Less: Accumulated Depreciation and Amortization</td>
<td>(103,901)</td>
</tr>
<tr>
<td>Property and Equipment, Net</td>
<td><strong>$15,489</strong></td>
</tr>
</tbody>
</table>

Depreciation and amortization expense was $13,617 for the year ended September 30, 2012.

5. Temporarily Restricted Net Assets

As of September 30, 2012, temporarily restricted net assets of $560,000 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 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:

<table>
<thead>
<tr>
<th>Year Ending September 30</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>$113,730</td>
</tr>
<tr>
<td>2014</td>
<td>116,573</td>
</tr>
<tr>
<td>2015</td>
<td>119,490</td>
</tr>
<tr>
<td>2016</td>
<td>101,855</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$451,648</strong></td>
</tr>
</tbody>
</table>

Total office rent expense, including NCRP’s proportionate share of real estate taxes and operating and maintenance costs, was $120,099 for the year ended September 30, 2012.
6. Commitments and Contingencies (continued)

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, 2012, NCRP had approximately $1,325,000 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, 2012, 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 $61,015 for the year ended September 30, 2012.

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, 2012. The line of credit agreement will expire on April 1, 2013. 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, 2012.

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, 2012, as NCRP had no taxable net unrelated business income.
9. Income Taxes (continued)

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, 2012, 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, 2012, the statute of limitations for tax years 2008 through 2010 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, 2012, 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, 2011, from which the summarized information was derived.

11. Reclassification

Certain 2011 amounts have been reclassified to conform to the 2012 presentation.

12. Subsequent Events

In preparing these financial statements, NCRP has evaluated events and transactions for potential recognition or disclosure through January 25, 2013, 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
## SCHEDULE OF FUNCTIONAL EXPENSES

(With Summarized Financial Information for the Year Ended September 30, 2011)

<table>
<thead>
<tr>
<th>Analysis, Commentary and Field Presence</th>
<th>Philanthropy's Promise</th>
<th>High-Impact Strategies for Philanthropy</th>
<th>Grantmaking for Community Impact Project</th>
<th>Total Program Services</th>
<th>Administrative</th>
<th>Fundraising Total</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries</td>
<td>$ 210,975</td>
<td>$ 179,410</td>
<td>$ 98,842</td>
<td>$ 34,029</td>
<td>$ 523,256</td>
<td>$ 132,206</td>
<td>$ 81,516</td>
<td>$ 736,978</td>
</tr>
<tr>
<td>Payroll taxes and fringe benefits</td>
<td>63,201</td>
<td>53,278</td>
<td>29,353</td>
<td>10,104</td>
<td>155,936</td>
<td>39,280</td>
<td>24,207</td>
<td>219,423</td>
</tr>
<tr>
<td>Rent and other overhead</td>
<td>3,554</td>
<td>178</td>
<td>38</td>
<td>-</td>
<td>3,770</td>
<td>164,475</td>
<td>25</td>
<td>168,270</td>
</tr>
<tr>
<td>Professional fees</td>
<td>17,707</td>
<td>34,374</td>
<td>27,633</td>
<td>1,329</td>
<td>81,043</td>
<td>61,397</td>
<td>-</td>
<td>142,440</td>
</tr>
<tr>
<td>Travel, meals and entertainment</td>
<td>19,745</td>
<td>22,701</td>
<td>2,603</td>
<td>6,229</td>
<td>51,278</td>
<td>8,739</td>
<td>1,192</td>
<td>61,209</td>
</tr>
<tr>
<td>Dues and subscriptions</td>
<td>17,084</td>
<td>1,777</td>
<td>2,271</td>
<td>98</td>
<td>21,230</td>
<td>3,510</td>
<td>-</td>
<td>24,740</td>
</tr>
<tr>
<td>Printing</td>
<td>13,759</td>
<td>-</td>
<td>4,148</td>
<td>17,907</td>
<td>200</td>
<td>-</td>
<td>18,107</td>
<td>33,764</td>
</tr>
<tr>
<td>Insurance</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>14,653</td>
<td>-</td>
<td>14,653</td>
<td>19,741</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>13,617</td>
<td>-</td>
<td>13,617</td>
<td>14,444</td>
</tr>
<tr>
<td>State registrations</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>10,148</td>
<td>-</td>
<td>10,148</td>
<td>9,487</td>
</tr>
<tr>
<td>Postage, mailing and delivery</td>
<td>1,676</td>
<td>7</td>
<td>1,382</td>
<td>18,526</td>
<td>284,895</td>
<td>(329,279)</td>
<td>44,384</td>
<td>-</td>
</tr>
<tr>
<td>Bank and credit card fees</td>
<td>25</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>25</td>
<td>2,923</td>
<td>-</td>
<td>2,948</td>
</tr>
<tr>
<td>Training and development</td>
<td>1,193</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,193</td>
<td>816</td>
<td>-</td>
<td>2,009</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>500</td>
<td>7</td>
<td>-</td>
<td>-</td>
<td>507</td>
<td>1,531</td>
<td>-</td>
<td>2,038</td>
</tr>
<tr>
<td>Indirect cost allocation</td>
<td>114,869</td>
<td>97,683</td>
<td>53,817</td>
<td>18,526</td>
<td>284,895</td>
<td>(329,279)</td>
<td>44,384</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL EXPENSES</strong></td>
<td><strong>$ 464,288</strong></td>
<td><strong>$ 389,415</strong></td>
<td><strong>$ 220,087</strong></td>
<td><strong>$ 70,391</strong></td>
<td><strong>$ 1,144,181</strong></td>
<td><strong>$ 114,982</strong></td>
<td><strong>$ 161,887</strong></td>
<td><strong>$ 1,421,050</strong></td>
</tr>
</tbody>
</table>

- 12 -