



## **Financial Statements and Supplemental Information**

*For the Year Ended September 30, 2013*

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



**and  
Report Thereon**



**NATIONAL COMMITTEE FOR RESPONSIVE PHILANTHROPY**

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**For the Year Ended September 30, 2013**

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*Certified Public Accountants*

## **INDEPENDENT AUDITOR'S REPORT**

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the National Committee for Responsive Philanthropy (NCRP), which comprise the statement of financial position as of September 30, 2013, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the National Committee for Responsive Philanthropy as of September 30, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Continued**

## **Other Matters**

### *Report on Summarized Comparative Information*

We have previously audited NCRP's 2012 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 25, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2012 is consistent, in all material respects, with the audited financial statements from which it has been derived.

### *Report on Supplemental Information*

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.*

**Raffa, P.C.**

Washington, DC  
February 3, 2014

**NATIONAL COMMITTEE FOR RESPONSIVE PHILANTHROPY**

**STATEMENT OF FINANCIAL POSITION**

**September 30, 2013**

**(With Summarized Financial Information as of September 30, 2012)**

	2013	2012
<b>ASSETS</b>		
Cash and cash equivalents	\$ 260,329	\$ 537,445
Grants, contributions and contracts receivable	479,150	559,850
Prepaid expenses and other assets	41,928	36,267
Investments	1,037,713	777,575
Security deposit	18,267	18,267
Property and equipment, net	6,835	15,489
TOTAL ASSETS	\$ 1,844,222	\$ 1,944,893
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable	\$ 36,088	\$ 19,694
Accrued expenses	52,078	51,795
TOTAL LIABILITIES	88,166	71,489
<b>Net Assets</b>		
<b>Unrestricted</b>		
Board-designated funds	800,000	775,000
Undesignated funds	300,863	538,404
Total Unrestricted	1,100,863	1,313,404
Temporarily restricted	655,193	560,000
TOTAL NET ASSETS	1,756,056	1,873,404
TOTAL LIABILITIES AND NET ASSETS	\$ 1,844,222	\$ 1,944,893

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, 2013**

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

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2013 Total</u>	<u>2012 Total</u>
<b>SUPPORT AND REVENUE</b>				
Foundation grants - general support	\$ 756,000	\$ 449,150	\$ 1,205,150	\$ 1,601,400
Foundation grants - specific projects	35,000	250,000	285,000	1,000
Contracts	35,000	-	35,000	1,500
Interest	6,390	-	6,390	19,015
Contributions	9,570	-	9,570	9,485
Publications	305	-	305	1,698
Miscellaneous	230	-	230	85
Net assets released from restrictions:				
Satisfaction of program restrictions	73,957	(73,957)	-	-
Satisfaction of time restrictions	530,000	(530,000)	-	-
	<u>1,446,452</u>	<u>95,193</u>	<u>1,541,645</u>	<u>1,634,183</u>
<b>TOTAL SUPPORT AND REVENUE</b>				
	<u>1,446,452</u>	<u>95,193</u>	<u>1,541,645</u>	<u>1,634,183</u>
<b>EXPENSES</b>				
Program Services:				
Build Knowledge	255,232	-	255,232	290,478
Celebrate Excellence	266,301	-	266,301	389,415
Increase Discussion and Debate	863,322	-	863,322	464,288
	<u>1,384,855</u>	<u>-</u>	<u>1,384,855</u>	<u>1,144,181</u>
Total Program Services				
	<u>1,384,855</u>	<u>-</u>	<u>1,384,855</u>	<u>1,144,181</u>
Supporting Services:				
Administrative	112,622	-	112,622	114,982
Fundraising	161,516	-	161,516	161,887
	<u>274,138</u>	<u>-</u>	<u>274,138</u>	<u>276,869</u>
Total Supporting Services				
	<u>274,138</u>	<u>-</u>	<u>274,138</u>	<u>276,869</u>
<b>TOTAL EXPENSES</b>	<u>1,658,993</u>	<u>-</u>	<u>1,658,993</u>	<u>1,421,050</u>
<b>CHANGE IN NET ASSETS</b>	(212,541)	95,193	(117,348)	213,133
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>1,313,404</u>	<u>560,000</u>	<u>1,873,404</u>	<u>1,660,271</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 1,100,863</u>	<u>\$ 655,193</u>	<u>\$ 1,756,056</u>	<u>\$ 1,873,404</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, 2013**

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

**Increase (Decrease) in Cash and Cash Equivalents**

	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (117,348)	\$ 213,133
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	8,654	13,617
Changes in assets and liabilities:		
Grants, contributions and contracts receivable	80,700	(303,100)
Prepaid expenses and other assets	(5,661)	3,829
Accounts payable	16,394	(17,382)
Accrued expenses	283	2,786
	<u>(16,978)</u>	<u>(87,117)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(366,291)	(697,708)
Proceeds from sales of investments	106,153	700,001
Purchases of property and equipment	<u>-</u>	<u>(17,689)</u>
	<u>(260,138)</u>	<u>(15,396)</u>
 NET DECREASE IN CASH AND CASH EQUIVALENTS	(277,116)	(102,513)
 CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>537,445</u>	<u>639,958</u>
 CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 260,329</u>	<u>\$ 537,445</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, 2013

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### 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.



# NATIONAL COMMITTEE FOR RESPONSIVE PHILANTHROPY

## NOTES TO FINANCIAL STATEMENTS For the Year Ended September 30, 2013

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

#### **Fair Value Measurements**

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, 2013, 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.

# NATIONAL COMMITTEE FOR RESPONSIVE PHILANTHROPY

## NOTES TO FINANCIAL STATEMENTS For the Year Ended September 30, 2013

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### 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, contributions and contracts receivable in the accompanying statement of financial position. Conditional promises to give are not included in foundation grants until the conditions listed in the grant are substantially met.

#### **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.

**NATIONAL COMMITTEE FOR RESPONSIVE PHILANTHROPY**

**NOTES TO FINANCIAL STATEMENTS  
For the Year Ended September 30, 2013**

2. Investments

As of September 30, 2013, investments held by NCRP consisted of certificates of deposit with a fair value of \$1,037,713.

As of September 30, 2013, 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>1,037,713</u>	\$ -	\$ 1,037,713	\$ -
Total	\$ <u>1,037,713</u>	\$ -	\$ 1,037,713	\$ -

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, 2013, investment income consisted of interest income earned on NCRP's certificates of deposit and cash accounts of \$6,390.

The contractual maturities of the certificates of deposit are composed of the following at September 30, 2013:

Within one year	\$ 1,037,713
After one year through five years	<u>-</u>
Total Certificates of Deposit	<u>\$ 1,037,713</u>

3. Grants, Contributions and Contracts Receivable

Grants, contributions and contracts receivable represent grants and contributions from foundations and corporations. As of September 30, 2013, all grants and contributions receivable are considered fully collectible and are expected to be received as follows:

Less than one year	\$ 284,150
One to five years	<u>195,000</u>
Total Grants, Contributions and Contracts Receivable	<u>\$ 479,150</u>

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.

# NATIONAL COMMITTEE FOR RESPONSIVE PHILANTHROPY

## NOTES TO FINANCIAL STATEMENTS For the Year Ended September 30, 2013

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### 3. Grants and Contributions Receivable (continued)

During 2013, NCRP received a \$500,000 intention to give from an anonymous donor-advised fund that was promised over a two year period. The first \$250,000 was received and recorded during the year ended September 30, 2013. The remaining \$250,000 has not been recorded as revenue as the future payments are contingent upon approval from the donor advised fund.

### 4. Property and Equipment and Accumulated Depreciation and Amortization

NCRP held the following property and equipment as of September 30, 2013:

Fixtures and equipment	\$	48,243
Computers		<u>71,147</u>
Total		119,390
Less: Accumulated Depreciation and Amortization		<u>(112,555)</u>
Property and Equipment, Net	\$	<u>6,835</u>

Depreciation and amortization expense was \$8,654 for the year ended September 30, 2013.

### 5. Temporarily Restricted Net Assets

As of September 30, 2013, temporarily restricted net assets of \$479,150 are dedicated for general operations in future periods and \$176,043 for the purpose of civic engagement.

### 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.

**NATIONAL COMMITTEE FOR RESPONSIVE PHILANTHROPY**

**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2013**

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6. Commitments and Contingencies (continued)

**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>	
2014	\$ 116,573
2015	119,490
2016	<u>101,855</u>
Total	<u>\$ 337,918</u>

Total office rent expense, including NCRP's proportionate share of real estate taxes and operating and maintenance costs, was \$122,607 for the year ended September 30, 2013.

**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, 2013, NCRP had approximately \$1,527,000 composed of demand deposits and certificates of deposit. 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, 2013, there are no cash and cash equivalents 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 \$67,872 for the year ended September 30, 2013.

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, 2013. The line of credit agreement will expire on April 1, 2014. 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, 2013.

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# NATIONAL COMMITTEE FOR RESPONSIVE PHILANTHROPY

## NOTES TO FINANCIAL STATEMENTS For the Year Ended September 30, 2013

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### 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, 2013, 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, 2013, 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, 2013, the statute of limitations for tax years 2009 through 2011 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, 2013, 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, 2012, from which the summarized information was derived.

### 11. Reclassification

Certain 2012 amounts have been reclassified to conform to the 2013 presentation.

### 12. Subsequent Events

In preparing these financial statements, NCRP has evaluated events and transactions for potential recognition or disclosure through February 3, 2014, 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, 2013**

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

	<u>Build Knowledge</u>	<u>Celebrate Excellence</u>	<u>Increase Discussion and Debate</u>	<u>Total Program Services</u>	<u>Administrative</u>	<u>Fundraising</u>	<u>2013 Total</u>	<u>2012 Total</u>
Salaries	\$ 134,788	\$ 111,857	\$ 378,644	\$ 625,289	\$ 140,720	\$ 83,991	\$ 850,000	\$ 736,978
Payroll taxes and fringe benefits	39,248	33,849	114,796	187,893	42,686	25,416	255,995	219,423
Rent and other overhead	3,191	-	1,621	4,812	169,931	53	174,796	168,270
Professional fees	4,770	33,726	103,676	142,172	55,645	-	197,817	142,440
Travel, meals and entertainment	6,598	28,456	46,528	81,582	12,581	350	94,513	61,209
Dues and subscriptions	1,710	1,904	18,254	21,868	7,982	-	29,850	24,740
Printing	1,065	1,162	7,642	9,869	580	-	10,449	18,107
Insurance	-	-	-	-	15,427	-	15,427	14,653
Depreciation and amortization	-	-	-	-	8,654	-	8,654	13,617
State registrations	-	-	-	-	-	9,922	9,922	10,148
Postage, mailing and delivery	127	26	4,551	4,704	404	430	5,538	4,470
Bank and credit card fees	-	-	-	-	1,750	-	1,750	2,948
Training and development	-	49	490	539	1,827	-	2,366	2,009
Miscellaneous	-	291	1,000	1,291	530	70	1,891	2,038
Advertising	-	-	-	-	25	-	25	-
Indirect cost allocation	63,735	54,981	186,120	304,836	(346,120)	41,284	-	-
<b>TOTAL EXPENSES</b>	<u>\$ 255,232</u>	<u>\$ 266,301</u>	<u>\$ 863,322</u>	<u>\$ 1,384,855</u>	<u>\$ 112,622</u>	<u>\$ 161,516</u>	<u>\$ 1,658,993</u>	<u>\$ 1,421,050</u>