



MATTHEWS, CARTER AND BOYCE, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

CENTER FOR SCIENCE IN THE PUBLIC INTEREST

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JUNE 30, 2009 AND 2008

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MATTHEWS, CARTER AND BOYCE, P.C.
certified public accountants



CENTER FOR SCIENCE IN THE PUBLIC INTEREST

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2009 AND 2008

ASSETS

	2009	2008
CURRENT ASSETS:		
Cash and cash equivalents	\$ 4,678,930	\$ 770,975
Investments - current:		
Certificates of deposit	548,625	1,498,602
US Agency Securities	-	150,891
Accounts receivable - trade	28,776	52,550
Grants and contributions receivable	128,498	22,500
List rent receivable (less allowance for doubtful accounts of \$0 at June 30, 2009 and 2008)	187,600	133,639
Other receivables	5,141	9,364
Direct mail supplies	305,319	487,218
Prepaid expenses	278,458	472,375
Total Current Assets	\$ 6,161,347	\$ 3,598,114
 INVESTMENTS, LONG-TERM:		
U.S. Agency Securities - long-term	\$ 1,757,208	\$ 2,944,933
Mutual Funds	631,490	4,107,145
Stock	385	425
Certificates of Deposit - long-term	597,521	641,499
Total Investments, Long-Term	\$ 2,986,604	\$ 7,694,002
 PROPERTY AND EQUIPMENT, AT COST:		
Furniture and equipment	\$ 323,774	\$ 508,057
Less, accumulated depreciation	(265,132)	(410,377)
Property and Equipment - Net	\$ 58,642	\$ 97,680
 OTHER ASSETS:		
Office lease security deposit	\$ 37,289	\$ 37,289
Other assets	4,835	4,835
Total Other Assets	\$ 42,124	\$ 42,124
 TOTAL ASSETS	 \$ 9,248,717	 \$ 11,431,920

The accompanying notes are an integral part of these statements.

LIABILITIES AND NET ASSETS

	2009	2008
CURRENT LIABILITIES:		
Accounts payable	\$ 198,580	\$ 192,897
Accrued payroll and leave	459,219	464,262
Current portion of deferred rent	8,028	8,028
Current portion of charitable gift annuity liability	11,105	7,242
Total Current Liabilities	\$ 676,932	\$ 672,429
 OTHER LIABILITIES:		
Deferred rent	\$ 2,676	\$ 10,704
Charitable gift annuity liability	58,503	33,563
Total Other Liabilities	\$ 61,179	\$ 44,267
 TOTAL LIABILITIES	 \$ 738,111	 \$ 716,696
 NET ASSETS:		
Operating	\$ 6,034,616	\$ 7,253,065
Board-designated reserve fund	1,000,000	1,000,000
Foreign currency translation adjustment from Canadian operations	795,082	857,173
Total Unrestricted	\$ 7,829,698	\$ 9,110,238
Temporarily restricted	320,749	1,244,827
Permanently restricted (endowment)	360,159	360,159
Total Net Assets	\$ 8,510,606	\$ 10,715,224
 TOTAL LIABILITIES AND NET ASSETS	 \$ 9,248,717	 \$ 11,431,920

CENTER FOR SCIENCE IN THE PUBLIC INTEREST
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008

	2009			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
SUPPORT AND REVENUE:				
Membership dues	\$ 9,951,662	\$ -	\$ -	\$ 9,951,662
Contributions	4,247,555	55,000	-	4,302,555
Foundation grants	72,500	345,579	-	418,079
Publication sales	2,426	-	-	2,426
Investment income	316,994	-	-	316,994
Net realized and unrealized gains (losses) on investments	(1,693,835)	-	-	(1,693,835)
Royalty income	536,655	-	-	536,655
Other income	841,432	-	-	841,432
Net assets released from restrictions:				
Satisfaction of program restrictions	1,324,657	(1,324,657)	-	-
Total Support and Revenue	<u>\$ 15,600,046</u>	<u>\$ (924,078)</u>	<u>\$ -</u>	<u>\$ 14,675,968</u>
EXPENSES:				
Program Services:				
Public education	\$ 3,014,219	\$ -	\$ -	\$ 3,014,219
Nutrition Action Healthletter	7,151,901	-	-	7,151,901
Special projects	4,883,914	-	-	4,883,914
Total Program Services	<u>\$ 15,050,034</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,050,034</u>
Supporting Services:				
Membership development	\$ 979,871	\$ -	\$ -	\$ 979,871
Management and general	356,538	-	-	356,538
Fund-raising	432,053	-	-	432,053
Total Supporting Services	<u>\$ 1,768,462</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,768,462</u>
Total Expenses	<u>\$ 16,818,496</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,818,496</u>
CHANGE IN NET ASSETS	<u>\$ (1,218,450)</u>	<u>\$ (924,078)</u>	<u>\$ -</u>	<u>\$ (2,142,528)</u>
FOREIGN CURRENCY TRANSLATION ADJUSTMENT FROM CANADIAN OPERATIONS				
	(62,090)	-	-	(62,090)
NET ASSETS, BEGINNING OF YEAR	<u>9,110,238</u>	<u>1,244,827</u>	<u>360,159</u>	<u>10,715,224</u>
NET ASSETS, END OF YEAR	<u><u>\$ 7,829,698</u></u>	<u><u>\$ 320,749</u></u>	<u><u>\$ 360,159</u></u>	<u><u>\$ 8,510,606</u></u>

The accompanying notes are an integral part of these statements.

2008

<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
\$ 11,835,078	\$ -	\$ -	\$ 11,835,078
4,671,054	525,418	-	5,196,472
6,000	268,100	-	274,100
41,722	-	-	41,722
320,746	-	-	320,746
(604,863)	-	-	(604,863)
484,283	-	-	484,283
331,644	-	-	331,644
548,151	(548,151)	-	-
<u>\$ 17,633,815</u>	<u>\$ 245,367</u>	<u>\$ -</u>	<u>\$ 17,879,182</u>
\$ 4,514,806	\$ -	\$ -	\$ 4,514,806
7,202,773	-	-	7,202,773
4,619,088	-	-	4,619,088
<u>\$ 16,336,667</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,336,667</u>
\$ 1,625,550	\$ -	\$ -	\$ 1,625,550
478,769	-	-	478,769
461,892	-	-	461,892
<u>\$ 2,566,211</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,566,211</u>
<u>\$ 18,902,878</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,902,878</u>
\$ (1,269,063)	\$ 245,367	\$ -	\$ (1,023,696)
32,512	-	-	32,512
10,346,789	999,460	360,159	11,706,408
<u>\$ 9,110,238</u>	<u>\$ 1,244,827</u>	<u>\$ 360,159</u>	<u>\$ 10,715,224</u>

CENTER FOR SCIENCE IN THE PUBLIC INTEREST

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2009

	Program Services			Total
	Public Education	Nutrition Action Health- Letter	Special Projects	
Salaries	\$ 422,621	\$ 1,155,980	\$ 2,913,365	\$ 4,491,966
Payroll taxes	28,494	81,064	194,012	303,570
Employee benefits	31,499	121,290	289,537	442,326
Total Salaries and Related expenses	\$ 482,614	\$ 1,358,334	\$ 3,396,914	\$ 5,237,862
Advertising	-	-	10,499	10,499
Conferences and travel	7,182	13,834	263,465	284,481
Consultants, professionals and temporary services	14,317	169,280	311,655	495,252
Data processing	-	343,195	-	343,195
Depreciation and amortization	2,388	9,489	24,874	36,751
Equipment rental and maintenance	5,033	21,263	52,667	78,963
Mail list costs	296,668	-	234	296,902
Occupancy	39,905	158,601	444,425	642,931
Other expenses	11,776	401,359	180,257	593,392
Postage and mailing	1,507,387	3,094,802	66,279	4,668,468
Printing and publications	641,478	1,546,354	20,564	2,208,396
Supplies	1,933	8,647	15,759	26,339
Telephone, internet and network support	3,538	26,743	96,322	126,603
Totals	<u>\$ 3,014,219</u>	<u>\$ 7,151,901</u>	<u>\$ 4,883,914</u>	<u>\$ 15,050,034</u>

The accompanying notes are an integral part of this statement.

Supporting Services

Membership Development	Management and General	Fund- raising	Total	Total Expenses
\$ 65,875	\$ 106,824	\$ 142,180	\$ 314,879	\$ 4,806,845
4,120	8,509	9,955	22,584	326,154
5,081	7,623	10,399	23,103	465,429
\$ 75,076	\$ 122,956	\$ 162,534	\$ 360,566	\$ 5,598,428
-	-	-	-	10,499
103	1,182	2,356	3,641	288,122
2,938	10,804	6,372	20,114	515,366
-	-	-	-	343,195
357	5,941	819	7,117	43,868
701	(14,193)	1,791	(11,701)	67,262
132,282	-	1,152	133,434	430,336
5,974	99,340	13,708	119,022	761,953
1,899	121,752	5,322	128,973	722,365
523,871	817	175,849	700,537	5,369,005
235,807	(11,624)	60,322	284,505	2,492,901
345	12,397	600	13,342	39,681
518	7,166	1,228	8,912	135,515
<u>\$ 979,871</u>	<u>\$ 356,538</u>	<u>\$ 432,053</u>	<u>\$ 1,768,462</u>	<u>\$ 16,818,496</u>

CENTER FOR SCIENCE IN THE PUBLIC INTEREST

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2008

	Program Services			Total
	Public Education	Nutrition Action Health-Letter	Special Projects	
Salaries	\$ 421,461	\$ 1,170,482	\$ 2,724,958	\$ 4,316,901
Payroll taxes	28,253	79,390	184,698	292,341
Employee benefits	50,095	136,315	326,708	513,118
Total Salaries and Related expenses	\$ 499,809	\$ 1,386,187	\$ 3,236,364	\$ 5,122,360
Advertising	-	-	4,701	4,701
Conferences and travel	7,380	13,196	110,170	130,746
Consultants, professionals and temporary services	54,431	174,108	406,690	635,229
Data processing	-	340,464	150	340,614
Depreciation and amortization	4,062	10,536	26,042	40,640
Equipment rental and maintenance	8,702	24,053	48,777	81,532
Mail list costs	498,737	-	-	498,737
Occupancy	52,904	137,227	363,415	553,546
Other expenses	43,342	458,039	190,560	691,941
Postage and mailing	2,441,534	3,116,274	85,313	5,643,121
Printing and publications	893,833	1,501,642	14,636	2,410,111
Supplies	4,663	12,705	30,284	47,652
Telephone, internet and network support	5,409	28,342	101,986	135,737
Totals	<u>\$ 4,514,806</u>	<u>\$ 7,202,773</u>	<u>\$ 4,619,088</u>	<u>\$ 16,336,667</u>

The accompanying notes are an integral part of this statement.

Supporting Services

Membership Development	Management and General	Fund- raising	Total	Total Expenses
\$ 69,713	\$ 105,527	\$ 137,181	\$ 312,421	\$ 4,629,322
4,572	8,832	9,313	22,717	315,058
8,322	17,624	16,265	42,211	555,329
\$ 82,607	\$ 131,983	\$ 162,759	\$ 377,349	\$ 5,499,709
-	210	-	210	4,911
692	5,994	3,007	9,693	140,439
2,204	21,710	25,511	49,425	684,654
-	-	-	-	340,614
754	6,946	1,228	8,928	49,568
1,279	12,221	3,015	16,515	98,047
223,457	-	702	224,159	722,896
9,826	90,510	15,986	116,322	669,868
2,261	174,067	19,738	196,066	888,007
960,492	10,094	156,419	1,127,005	6,770,126
340,015	3,058	70,589	413,662	2,823,773
937	3,925	1,328	6,190	53,842
1,026	18,051	1,610	20,687	156,424
\$ 1,625,550	\$ 478,769	\$ 461,892	\$ 2,566,211	\$ 18,902,878

CENTER FOR SCIENCE IN THE PUBLIC INTEREST

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2009 AND 2008

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	<u>\$ (2,142,528)</u>	<u>\$ (1,023,696)</u>
Adjustments to reconcile change in net assets to net cash used by operating activities		
Depreciation and amortization	\$ 43,868	\$ 49,568
Realized and unrealized (gains) losses on investments	1,693,835	604,863
Gain/loss on disposal of fixed assets	2,835	-
Foreign currency translation adjustment from Canadian operations	(62,090)	32,512
(Increase) Decrease in Assets:		
Accounts receivable - trade	23,774	(26,570)
Grants and contributions receivable	(105,998)	109,258
List rent receivable	(53,961)	80,204
Other receivables	4,223	(3,402)
Direct mail supplies	181,899	(105,780)
Prepaid expenses	193,917	(56,617)
Increase (Decrease) in Liabilities:		
Accounts payable	5,683	(67,508)
Accrued payroll and leave	(5,043)	(6,874)
Deferred rent	(8,028)	(8,028)
Charitable gift annuity liability	28,803	8,536
Total Adjustments	<u>\$ 1,943,717</u>	<u>\$ 610,162</u>
Net Cash Used by Operating Activities	<u>\$ (198,811)</u>	<u>\$ (413,534)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Furniture and equipment expenditures	\$ (7,665)	\$ (50,326)
Investment sales	5,567,425	5,295,324
Investment purchases	<u>(1,452,994)</u>	<u>(5,363,509)</u>
Net Cash Provided (Used) by Investing Activities	<u>\$ 4,106,766</u>	<u>\$ (118,511)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>\$ 3,907,955</u>	<u>\$ (532,045)</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>770,975</u>	<u>1,303,020</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 4,678,930</u></u>	<u><u>\$ 770,975</u></u>

The accompanying notes are an integral part of these statements.

CENTER FOR SCIENCE IN THE PUBLIC INTEREST

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009 AND 2008

Note 1. Organization and Summary of Significant Accounting Policies

Organization:

The Center for Science in the Public Interest (CSPI) is a not-for-profit organization operating in the United States and Canada that seeks to provide useful, objective information to the public and to conduct research on nutrition, food safety, alcohol, health, the environment, and other issues; to represent the citizen's interests before legislative, regulatory, and judicial bodies on nutrition, food safety, alcohol, health, the environment, and other issues; and to ensure that advances in science are used for the public's good and to encourage scientists to engage in public-interest activities. CSPI began operations in Canada during the fiscal year ended June 30, 1996.

Basis of Accounting:

The financial statements of CSPI are prepared on the accrual basis of accounting, except for the recognition of membership dues (as described below).

Grants and Contributions:

In accordance with Statement of Financial Accounting Standards (SFAS) No. 116, "Accounting for Contributions Received and Contributions Made," CSPI records grants and contributions as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time or purpose restrictions. Additionally, contributions are recognized when a donor makes a promise to give to CSPI that is, in substance, unconditional.

Investments:

Investments are stated at fair market value in accordance with SFAS No. 124, "Accounting for Certain Investments Held by Not-For-Profit Organizations". The unrealized appreciation (depreciation) on those investments is reflected in the Statements of Activities and Changes in Net Assets.

Inventories:

Inventories consist of direct mail materials and are stated at the lower of cost or market with cost being determined on the first-in, first-out basis.

Property and Equipment and Depreciation:

Property and equipment are recorded at cost. CSPI follows the practice of capitalizing all expenditures for property and equipment in excess of \$1,000. Depreciation expense is provided on a straight-line basis over the estimated useful lives (5-10 years) of the assets.

Membership Dues:

Membership dues include dues for membership and a subscription to the newsletter Nutrition Action Healthletter, and are considered contributions and are included in revenue in the period in which the membership fee is received.

CENTER FOR SCIENCE IN THE PUBLIC INTEREST

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009 AND 2008

Note 1. Summary of Significant Accounting Policies (Concluded)

Income Taxes:

CSPI is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code, and from the District of Columbia franchise tax, except for taxes on unrelated business income. The Internal Revenue Service has also determined that CSPI is not a private foundation within the meaning of Section 509(a)(1) of the Code. CSPI is also exempt from income taxes on income earned within Canada, but is not exempt from the national goods and services tax and the provincial goods and services harmonized sales tax.

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.

Functional Allocation of Expenses:

The costs of providing the various programs and other activities of CSPI have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs.

Grants Receivable:

Grants are recognized when the grantor makes a promise to give to CSPI that is, in substance, unconditional. Grantor-restricted grants are reported as increases in temporarily restricted net assets. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. Unconditional promises to give that are due in the next year are reflected as current promises to give and are recorded at their net realizable value. Unconditional promises to give that are due in subsequent years are reflected as long-term promises to give and are recorded at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are received to discount the amounts. All grant receivables are due in less than one year at June 30, 2009 and 2008, respectively.

Accounts Receivable:

Accounts receivables are stated at the amount CSPI expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Allowance for doubtful accounts is \$0 as of June 30, 2009 and 2008.

Recent Accounting Pronouncements:

In May 2009, the Financial Accounting Standards Board (the FASB) issued Statement of Financial Accounting Standards No. 165 (FAS 165) *Subsequent Events*. FAS 165 establishes general standards of accounting for and disclosures of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. It requires the disclosure of the date through which an entity has evaluated subsequent events and the basis for that date, that is, whether that date represents the date the financial statements were issued or were available to be issued. This disclosure should alert all users of financial statements that an entity has not evaluated subsequent events after the date in the set of financial statements being presented. CSPI adopted FAS 165 during the year ended June 30, 2009.

CENTER FOR SCIENCE IN THE PUBLIC INTEREST

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009 AND 2008

Note 2. Description of Programs

CSPI program service activities are as follows:

Public Education includes the distribution of health and nutrition oriented materials, such as books, brochures, letters and pamphlets to the public.

Nutrition Action Healthletter consists of editing and publishing ten issues per year of Nutrition Action Healthletter, a periodical for members and subscribers containing current information on nutrition, food safety, and related health issues. Current circulation is approximately 780,000 in the U.S. and 125,000 in Canada.

Special Projects include efforts to:

- provide public information on nutrition and diet, provide consumer input on nutrition and food safety laws and regulations, investigate accuracy of food and beverage advertising, monitor industry compliance with food labeling laws, promote ingredient disclosure and healthier menu items in restaurants;
- advocate more preventive approaches to alcohol abuse problems in private and public sectors, particularly with respect to curbing advertisements aimed at youths and heavy drinkers, increasing excise taxes on alcohol, and requiring ingredient, warning, and calorie labeling of alcoholic beverages;
- promote increased production and availability of food that is free of unsafe contaminants by working with food producers and retailers, monitoring and investigating proposed and approved additives to the food supply, and monitoring and improving the laws and regulations governing food safety, particularly for meat, poultry, seafood and produce;
- promote increased protection from "food bioterrorism" - the intentional contamination of the U.S. and Canadian food supply by terrorists - through increased appropriations for inspections of imported and domestic foods and food manufacturing facilities and through the establishment of a single national food-safety agency in the U.S.;
- improve the diet of American children by promoting more nutritious school food through publications, seminars, and public policy efforts, and encourage food producers to improve the nutrient content of the products sold in schools;
- identify and publicize links between industry and science in matters related to health, food, and environmental research; examine how the demands of industry may undermine the public-interest mission of science; and secure a balance of views in the science policy decision-making process which, combined with full disclosure, will enable scientists to provide the public, media, and policy-makers with the best advice about scientific issues;
- assess scientific concerns about the risks and benefits of genetically engineered plants, animals, and other organisms, especially those used in agriculture; inform the public about the benefits and risks of engineered crops and foods; strengthen the regulatory system; increase public funding for research on both genetic engineering and sustainable agriculture; and advocate aid to developing nations to regulate and use genetically engineered crops as they deem appropriate; counsel developing nations on the regulation and use of appropriate genetically engineered crops;

CENTER FOR SCIENCE IN THE PUBLIC INTEREST

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009 AND 2008

Note 2. Description of Programs (Concluded)

- improve both human health and the environment by promoting the consumption of a more plant-based diet and reducing the consumption of meat, milk fat, and other products that have been linked to cancer, heart disease, and other health problems;
- promote changes in the American food supply and in food policies through the litigation process, including identifying deceptively labeled or advertised products appropriate for lawsuits, providing expertise and resources to private litigants, initiating (or threatening) litigation under state laws that bar unfair or deceptive marketing practices, and filing lawsuits to improve food policies.

Note 3. Cash and Cash Equivalents

Cash and cash equivalents consist of cash and liquid investments with original maturities of three months or less and contain the following balances at June 30, 2009 and 2008:

<u>Description</u>	<u>2009</u>	<u>2008</u>
Cash on hand	\$ 1,332	\$ 1,332
Cash in banks	902,308	457,329
Money market funds	<u>3,775,290</u>	<u>312,314</u>
Total	<u>\$ 4,678,930</u>	<u>\$ 770,975</u>

Daily, a majority of cash in banks is invested in overnight repurchase agreements which are highly graded short-term investments.

A portion of cash and cash equivalents are restricted at June 30 as follows:

	<u>2009</u>	<u>2008</u>
Unrestricted	\$ 3,998,022	\$ -
Temporarily restricted	320,749	410,816
Permanently restricted	<u>360,159</u>	<u>360,159</u>
Total	<u>\$ 4,678,930</u>	<u>\$ 770,975</u>

Note 4. Temporarily Restricted Net Assets

All contributions and grants are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as an increase in temporarily restricted assets.

If the restriction is fulfilled in the same time period in which the contribution is received, it may be classified as an increase in unrestricted assets; however, CSPI will generally report these amounts initially as an increase in temporarily restricted assets and show their release to unrestricted net assets when the restrictions are satisfied.

CENTER FOR SCIENCE IN THE PUBLIC INTEREST

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009 AND 2008

Note 4. Temporarily Restricted Net Assets (Continued)

Temporarily restricted net assets and the amounts that were released from restriction at June 30, 2009 and 2008 were comprised of the following programs:

<u>Purpose</u>	<u>Donor</u>	<u>Balance 06/30/08</u>	<u>Revenue/ Contributions</u>	<u>Released</u>	<u>Balance 06/30/09</u>
Anti-Toxin Alternatives Project	Ruth Test Bequest Fund	\$ 350,101	\$ -	\$ (90,896)	\$ 259,205
Campaign for Alcohol-Free Sports TV	Philanthropic Ventures Foundation	70,845	100,000	(170,845)	-
Campaign for Healthy Hearts	ARIE & Ida Crown Memorial	-	25,000	(25,000)	-
Campaign for Healthy Hearts	CECHE	2,500	-	(2,500)	-
Campaign for Healthy School Foods	Argosy Foundation	6,250	-	(6,250)	-
Campaign for Healthy School Foods	Park Foundation	-	50,000	(50,000)	-
Cy Pres Award	Canadian Court Award	202,212	-	(202,212)	-
Eating Green	Lucy R. Waletky	-	10,000	(10,000)	-
Food Marketing to Children	Robert Wood Johnson	-	84,979	(70,816)	14,163
Food Safety	Philancon Fund	-	5,000	(3,750)	1,250
Global Diet	CECHE	2,500	-	(2,500)	-
Herbal Products Initiative	Rose Foundation	-	50,000	(45,833)	4,167
Integrity in Science	Richard and Rhoda Goldman Fund	41,667	-	(41,667)	-
Integrity in Science	Nathan Cummings Foundation	6,250	-	(6,250)	-
Integrity in Science	Everett Internship Program	-	5,600	(5,600)	-
Integrity in Science	Beldon Fund	18,750	-	(18,750)	-
Integrity in Science	Josiah Macy Foundation	1,667	-	(1,667)	-
Menu Labeling	Anonymous	500,418	-	(500,418)	-
Menu Labeling	Woodcock Foundation	41,667	-	(41,667)	-
Nutrition Policy/Food Safety	Abrams Foundation	-	20,000	(11,667)	8,333
Nutrition Policy/Food Safety	Flora Thorton Foundation	-	25,000	(2,083)	22,917
Research Concerning Diet & Cancer	Freed Foundation	-	25,000	(14,286)	10,714
		<u>\$ 1,244,827</u>	<u>\$ 400,579</u>	<u>\$ (1,324,657)</u>	<u>\$ 320,749</u>

CENTER FOR SCIENCE IN THE PUBLIC INTEREST

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009 AND 2008

Note 4. Temporarily Restricted Net Assets (Concluded)

<u>Purpose</u>	<u>Donor</u>	<u>Balance 06/30/07</u>	<u>Revenue/ Contributions</u>	<u>Released</u>	<u>Balance 06/30/08</u>
Anti-Toxin Alternatives Project	Ruth Test Bequest Fund	\$ 433,148	\$ -	\$ (83,047)	\$ 350,101
Campaign for Alcohol-Free Sports TV	Philanthropic Ventures Foundation	123,345	-	(52,500)	70,845
Campaign for Alcohol-Free Sports TV	Meyerhoff Family Funds	25,000	-	(25,000)	-
Campaign for Healthy Hearts	Amaturo Family Foundation	25,000	-	(25,000)	-
Campaign for Healthy Hearts	CECHE	-	2,500	-	2,500
Campaign for Healthy School Foods	Argosy Foundation	-	10,000	(3,750)	6,250
Cy Pres Award	Canadian Court Award	278,712	-	(76,500)	202,212
Dump Soda in India Fundraising in Schools Study	CECHE	-	2,500	(2,500)	-
Global Diet	Robert Wood Johnson	16,755	-	(16,755)	-
	CECHE	-	2,500	-	2,500
Integrity in Science	Richard and Rhoda Goldman Fund	-	125,000	(83,333)	41,667
Integrity in Science	Nathan Cummings Foundation	-	15,000	(8,750)	6,250
Integrity in Science	Everett Internship Program	-	5,600	(5,600)	-
Integrity in Science	Beldon Fund	93,750	-	(75,000)	18,750
Integrity in Science	Josiah Macy Foundation	-	10,000	(8,333)	1,667
Menu Labeling	Maine Community Foundation	3,750	-	(3,750)	-
Menu Labeling	Anonymous	-	500,418	-	500,418
Menu Labeling	Woodcock Foundation	-	100,000	(58,333)	41,667
Nutrition Policy/Food Safety	Abrons Foundation	-	20,000	(20,000)	-
		<u>\$ 999,460</u>	<u>\$ 793,518</u>	<u>\$ (548,151)</u>	<u>\$ 1,244,827</u>

Note 5. Permanently Restricted Net Assets

An endowment fund was established during the year ended June 30, 1996. The endowment fund's assets are restricted in perpetuity while income generated by these assets can be used for operating expenses.

CENTER FOR SCIENCE IN THE PUBLIC INTEREST

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009 AND 2008

Note 6. Investments

CSPI values its investments in accordance with Statement of Financial Accounting Standards No. 157 *Fair Value Measurements* (SFAS 157). SFAS 157 establishes a consistent definition of fair value and a hierarchy that encourages and is based on the use of observable inputs, but allows for unobservable inputs when observable inputs do not exist. Inputs are classified into one of three categories:

- Level 1 - Inputs to the valuation methodology are quoted in an active market.
- Level 2 - Inputs to the valuation methodology are inputs other than quoted prices in an active market that are observable.
- Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

All of CSPI's investments are valued using Level 1 inputs.

Investments are reported at current market values based on most recent bid prices. Investments consisted of the following at June 30:

	2009		
	Cost	Unrealized Appreciation (Depreciation)	Fair Market Value
Mutual Funds	\$ 729,462	\$ (97,972)	\$ 631,490
Certificates of Deposit	1,134,000	12,146	1,146,146
Stock	387	(2)	385
U.S. Agency Securities	1,785,000	(27,792)	1,757,208
Total	\$ 3,648,849	\$ (113,620)	\$ 3,535,229
	2008		
	Cost	Unrealized Appreciation (Depreciation)	Fair Market Value
Mutual Funds	\$ 4,024,343	\$ 82,802	\$ 4,107,145
Certificates of Deposit	2,136,660	3,441	2,140,101
Stock	387	38	425
U.S. Agency Securities	3,137,525	(41,701)	3,095,824
Total	\$ 9,298,915	\$ 44,580	\$ 9,343,495

Investment return is summarized as follows:

	2009	2008
Interest and dividends	\$ 316,994	\$ 320,746
Net realized and unrealized gains (losses) on investments	(1,693,835)	(604,863)
Total Unrestricted Investment Income (Loss)	\$ (1,376,841)	\$ (284,117)

As of June 30, 2009 and 2008, \$0 and \$834,011, respectively, of the investment balance is considered to be temporarily restricted.

CENTER FOR SCIENCE IN THE PUBLIC INTEREST

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009 AND 2008

Note 7. Lease Commitments

CSPI is committed under a long-term non-cancelable lease for office space through October 2010. Under the latest amendment, the landlord granted an \$88,975 rent allowance. In order to more accurately reflect the annual lease costs in the proper period, deferred rent has been accrued to provide a constant rent over the life of the lease. The lease also includes provisions for annual rental increases of 1.5% (except for the lease year beginning October 1, 2006 for which the increase was \$1.50 per square foot) and rental adjustments based upon increases in a cost-of-living index and increases in operating expenses and real estate taxes of the landlord.

Additionally, CSPI entered into an office space agreement in Canada for approximately \$420 U.S. dollars per month for 36 months ending on August 31, 2005. The lease was extended for 5 years commencing September 1, 2005 for approximately \$630 U.S. dollars per month which includes a business services package.

CSPI also entered into an office space agreement in Dallas, Texas for \$1,480 per month for 36 months ending on July 31, 2009. Rent increased \$50 per month each August 1. The lease was amended to reduce the square footage and the monthly rent effective August 1, 2009. The amended lease expires on July 31, 2012.

CSPI also leased certain office equipment under a 60 month lease which expired in July 2009. Monthly payments under the lease were \$2,040.

At June 30, 2009, the future minimum lease commitments are as follows:

Year Ending	
<u>June 30,</u>	
2010	\$ 588,542
2011	205,847
2012	14,935
2013	1,250
Thereafter	<u>-</u>
Total Minimum Lease	
Commitments	<u>\$ 810,574</u>

Rental expense for the years ended June 30, 2009 and 2008 was approximately \$760,000 and \$670,000, respectively.

Note 8. Allocation of Joint Costs

For the year ended June 30, 2009, CSPI incurred joint costs of \$3,139,696 for informational materials for the purpose of membership development. Of those costs, \$2,166,391 was allocated to Public Education and \$973,305 was allocated to Membership Development. For the year ended June 30, 2008, CSPI incurred joint costs of \$5,141,974 for informational materials for the purpose of membership development. Of those costs, \$3,547,963 was allocated to Public Education and \$1,594,011 was allocated to Membership Development.

For the year ended June 30, 2009, CSPI incurred joint costs of \$1,220,755 for informational materials that included fund-raising appeals. Of those costs \$805,698 was allocated to Public Education and \$415,057 was allocated to Fund-raising. Additionally, for the year ended June 30, 2008, CSPI incurred joint costs of \$1,208,235 for informational materials that included fund-raising appeals. Of those costs \$797,435 was allocated to Public Education and \$410,800 was allocated to Fund-raising.

CENTER FOR SCIENCE IN THE PUBLIC INTEREST

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009 AND 2008

Note 9. Employee Benefits

CSPI maintains a tax sheltered annuity plan for its employees under Section 403(b) of the Internal Revenue Code. Participation is voluntary, and CSPI is obligated to match on a dollar-for-dollar basis, voluntary employee contributions of up to 3% of gross earnings. Additionally, CSPI can make discretionary contributions to the Plan. CSPI made contributions for eligible employees of \$105,795 and \$283,724 under its supplementary retirement benefit plan during the fiscal years ended June 30, 2009 and 2008, respectively.

Since 2004, CSPI has also maintained a tax sheltered annuity plan for certain eligible employees under Section 457(b). The plan does not permit employer contributions.

Note 10. Related Party Transactions

In November 1998, CSPI along with the Japan Offspring Fund (of Japan) and the Food Commission (of the United Kingdom) co-founded the International Association of Consumer Food Organizations (IACFO), a related party. IACFO operated out of CSPI's office and, in fiscal years 2009 and 2008, all operating expenses of the IACFO were borne by CSPI as part of its regular financial operations. The amounts incurred by CSPI on behalf of the IACFO in 2009 and 2008 were not significant.

Note 11. Concentrations of Credit Risk

CSPI's financial instruments that are subject to concentrations of credit risk consist primarily of cash and cash equivalents. CSPI places its domestic cash deposits and liquid investments in high quality financial institutions. At times, such deposits may be in excess of the FDIC insurance limit.

Note 12. Board Designated Funds

The Board of Directors of CSPI has designated \$1,000,000 of the unrestricted net assets as a reserve fund. The fund was established to ensure at all times the normal operation and financial stability of the organization. The amount in the fund and the uses to which it will be applied are periodically examined and established by the Board.

Note 13. Charitable Gift Annuity

On occasion, CSPI receives charitable gift annuities from donors. In accordance with the terms of the respective agreements, CSPI agrees to make annual annuity payments to the donors for the remainder of the donors' lives beginning at a specific time as stated in each agreement. The present value of the estimated obligations is recorded as a liability. As of June 30, 2009 and 2008, the estimated charitable gift annuity liability totaled \$69,608 and \$40,805, respectively.

Note 14. Subsequent Events

CSPI has evaluated events through November 13, 2009, the date the financial statements were available to be issued, and determined that there were no events occurring subsequent to June 30, 2009 that would have a material impact on CSPI's results of operations or financial position.

Note 15. Presentation of Prior Year Financial Statements

Certain accounts and descriptions in the prior year financial statements have been modified for comparative purposes to conform with the presentation of the current year financial statements.