

The Center For The Study Of The Presidency And Congress

Financial Report
December 31, 2010

Contents

Independent Auditor's Report	1
<hr/>	
Financial Statements	
Balance Sheet	2
Statement Of Activities	3
Statement Of Cash Flows	4
Notes To Financial Statements	5 – 12



Independent Auditor's Report

To the Board of Trustees
The Center for the Study of the Presidency and Congress
Washington, D.C.

We have audited the accompanying balance sheet of The Center for the Study of the Presidency and Congress (the Center) as of December 31, 2010, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Center's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year's summarized comparative information has been derived from the Center's 2009 financial statements and in our report, dated August 19, 2010, 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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 2010 financial statements referred to above present fairly, in all material respects, the financial position of the Center as of December 31, 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.

McGladrey & Pullen, LLP

Vienna, Virginia
June 21, 2011

The Center For The Study Of The Presidency And Congress

Balance Sheet

December 31, 2010

(With Comparative Totals For 2009)

Assets	2010	2009
Cash	\$ 30,936	\$ 58,843
Accounts And Grants Receivable	41,757	63,586
Promises To Give	211,259	76,500
Prepaid Expenses And Deposits	13,229	37,350
Investments	4,652,382	4,577,776
Property And Equipment, net	90,279	179,559
	<u>\$ 5,039,842</u>	<u>\$ 4,993,614</u>

Liabilities And Net Assets

Liabilities		
Accounts payable and accrued expenses	\$ 154,141	\$ 160,906
Capital lease liability	19,207	36,167
Deferred revenue	1,245	11,818
Deferred rent and improvement allowance	143,797	154,695
	<u>318,390</u>	<u>363,586</u>

Commitments And Contingencies (Notes 2 and 6)

Net Assets

Unrestricted		
Undesignated	335,370	420,347
Board designated	3,100,240	3,096,365
	<u>3,435,610</u>	<u>3,516,712</u>
Temporarily restricted	285,842	113,316
Permanently restricted	1,000,000	1,000,000
	<u>4,721,452</u>	<u>4,630,028</u>
	<u>\$ 5,039,842</u>	<u>\$ 4,993,614</u>

See Notes To Financial Statements.

The Center For The Study Of The Presidency And Congress

Statement Of Activities

Year Ended December 31, 2010

(With Comparative Totals For 2009)

	2010			Total	2009 Total
	Unrestricted	Temporarily Restricted	Permanently Restricted		
Support and revenue:					
Contributions and grants	\$ 1,358,040	\$ 534,000	\$ -	\$ 1,892,040	\$ 2,097,936
Investment income, net	304,555	83,251	-	387,806	839,751
Annual anniversary dinner	316,060	-	-	316,060	155,219
Publications	74,651	-	-	74,651	65,097
Membership dues	16,548	-	-	16,548	18,228
Other	2,090	-	-	2,090	580
	<u>2,071,944</u>	<u>617,251</u>	<u>-</u>	<u>2,689,195</u>	<u>3,176,811</u>
Net assets released from restrictions	444,725	(444,725)	-	-	-
Total support and revenue	2,516,669	172,526	-	2,689,195	3,176,811
Expenses:					
Educational and program	934,857	-	-	934,857	1,665,776
Management and general	1,295,488	-	-	1,295,488	1,262,443
Fundraising	367,426	-	-	367,426	141,157
Total expenses	2,597,771	-	-	2,597,771	3,069,376
Change in net assets	(81,102)	172,526	-	91,424	107,435
Net assets:					
Beginning	3,516,712	113,316	1,000,000	4,630,028	4,411,872
Net assets of PNSR as of January 1, 2009	-	-	-	-	110,721
Ending	<u>\$ 3,435,610</u>	<u>\$ 285,842</u>	<u>\$ 1,000,000</u>	<u>\$ 4,721,452</u>	<u>\$ 4,630,028</u>

See Notes To Financial Statements.

The Center For The Study Of The Presidency And Congress

Statement Of Cash Flows

Year Ended December 31, 2010

(With Comparative Totals For 2009)

	2010	2009
Cash Flows From Operating Activities		
Change in net assets	\$ 91,424	\$ 107,435
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Transfer of property and equipment to PNSR	-	(9,374)
Depreciation	101,764	93,423
Deferred rent	(10,898)	18,851
Loss on disposal of property and equipment	-	9,345
Realized and unrealized gains on investments	(271,922)	(711,349)
Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts and grants receivable	21,829	(62,309)
Prepaid expenses and deposits	24,121	79,882
Promises to give	(134,759)	102,438
Increase (decrease) in:		
Accounts payable and accrued expenses	(6,765)	(50,545)
Deferred revenue	(10,573)	(419,703)
Net cash used in operating activities	(195,779)	(841,906)
Cash Flows From Investing Activities		
Proceeds from sale of investments	2,343,158	3,148,007
Purchases of investments	(2,145,842)	(2,627,273)
Purchases of property and equipment	(12,484)	(5,566)
Net cash provided by investing activities	184,832	515,168
Cash Flows From Financing Activities		
Principal payments on capital leases	(16,960)	(31,744)
Net cash used in financing activities	(16,960)	(31,744)
Net decrease in cash	(27,907)	(358,481)
Cash		
Beginning	58,843	457,328
Transfer of PNSR cash account as of January 1, 2009	-	(40,004)
Ending	\$ 30,936	\$ 58,843
Supplemental Disclosure Of Cash Flow Information		
Cash payments for interest	\$ 2,471	\$ 2,572

See Notes To Financial Statements.

The Center For The Study Of The Presidency And Congress

Notes To Financial Statements

Note 1. Nature Of Activities And Significant Accounting Policies

Nature of activities: The Center for the Study of the Presidency and Congress (the Center) is a not-for-profit education corporation located in Washington D.C and founded in 1965 to:

- Promote leadership in the Presidency and the Congress to generate innovative solutions to current national challenges;
- Preserve the historic memory of the Presidency by identifying the lessons from the successes and failures of such leadership;
- Draw on a wide range of talent to offer ways to better organize an increasingly compartmentalized Federal Government; and
- Educate and inspire the next generation of America's leaders to incorporate civility, inclusiveness, and character into their public and private lives and discourse.

A summary of the Center's significant accounting policies follows:

Basis of accounting: The financial statements are prepared on the accrual basis of accounting, whereby, revenue is recognized when earned and expenses recognized when incurred.

Basis of presentation: The financial statement presentation follows the recommendation of the Not-for-Profit Entities Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). Under this ASC, the Center is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Financial risk: The Center maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Center has not experienced any losses on such accounts and believes it is not exposed to any significant financial risk on cash.

The Center invests in professionally managed portfolios that contain equity securities and fixed income instruments. Such investments are exposed to various risks, such as market and credit. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term could materially affect investment balances and the amounts reported in the financial statements.

Property and equipment: The Center capitalizes all property and equipment. Property and equipment are stated at cost. Depreciation is provided on the straight-line basis over the estimated useful lives of the assets ranging from nine months to seven years.

Valuation of long-lived assets: Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reportable at the lower of the carrying amount or fair value, less costs to sell.

Investments: Investments with readily determinable fair values are reflected at fair market value. Unrealized gains and losses on investments are reported in the statement of activities as part of investment income. All balances held in the managed investment portfolio, including money market funds and cash are considered to be investments for financial statement purposes.

The Center For The Study Of The Presidency And Congress

Notes To Financial Statements

Note 1. Nature Of Activities And Significant Accounting Policies (Continued)

Support and revenue recognition: Membership dues are recognized ratably over the membership period to which they apply.

All contribution revenue is 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 temporarily restricted or permanently restricted support that increases those net asset classes. Temporarily restricted net assets are reported as unrestricted net assets if the restrictions are met in the same period received.

Grant revenue is recognized as costs qualified under the grants are incurred or when scheduled deliverables are met. Grant funds received in excess of costs incurred are recorded as refundable advances until earned. Reimbursable grant costs incurred in excess of funds received are recorded as receivables.

Promises to give: Promises to give are recorded as a receivable when a verifiable promise to give is received. All promises to give are recorded as a temporarily restricted net asset. As promises to give are actually collected and all restrictions are met, the contributions are transferred to unrestricted support. Management determines an allowance for uncollectible promises, which represents an estimate, discounted for present value, of promises to give which will be written off. Promises to give totaled \$211,259 at December 31, 2010, and were expected to be fully collected during 2011; consequently, no discount or allowance for doubtful accounts has been applied to this balance.

Income taxes: The Center is generally exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. In addition, the Center qualifies for charitable contribution deductions and has been classified as an organization that is not a private foundation. Income which is not related to exempt purposes, less applicable deductions, is subject to federal and state corporate income taxes.

The Center complies with accounting for uncertainty in income taxes, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, the Center may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement. The guidance on accounting for uncertainty in income taxes also addresses de-recognition, classification, interest and penalties on income taxes, and accounting in interim periods. The Center is not aware of any uncertain tax positions and therefore, no tax liabilities have been recorded, or any related interest and penalties included in the balance sheet or statement of activities. Generally, the Center is no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for years before 2007.

Functional allocation of expenses: The costs of providing the various programs and fundraising have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and fundraising activities benefited. Certain management and staff expenses have been allocated to programs on the basis of time spent. Other expenses have been allocated to programs on a percentage basis. The Center also allocates a portion of salaries and management and general expenses to fundraising.

The Center For The Study Of The Presidency And Congress

Notes To Financial Statements

Note 1. Nature Of Activities And Significant Accounting Policies (Continued)

Use of estimates: The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Prior year information: The financial statements include certain prior year summarized comparative information in total but not by net asset class. 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 the Center's financial statements for the year ended December 31, 2009, from which the summarized information was derived.

New pronouncements: In January 2010, the Financial Accounting Standards Board (FASB) released Accounting Standards Update No. 2010-06 (ASU 2010-06), which provided accounting guidance that requires new fair value measurement classification disclosures and clarifies existing disclosures. The guidance requires: (i) separate disclosures of significant transfers between Level 1 and 2 and reasons for transfers; (ii) disclosure, on a gross basis, of purchases, sales, issuances and net settlements within Level 3 measurements; (iii) disclosures by class of assets and liabilities; and (iv) a description of the evaluation techniques and inputs used to measure fair value for both recurring and nonrecurring fair value measurements. The guidance is effective for interim and annual reporting periods beginning after December 15, 2009, except for the disaggregation of the Level 3 activity, which is effective for interim and annual periods beginning after December 15, 2010. The Center adopted ASU 2010-06 during the year ended December 31, 2010.

Subsequent events: The Center evaluated subsequent events through June 21, 2011, which is the date the financial statements were available to be issued.

Reclassifications: Certain amounts in the 2009 financial statements have been reclassified to conform to the 2010 presentation, with no effect on the previously reported change in net assets.

Note 2. Conditional Promises To Give

As of December 31, 2010, the Center had also received a conditional promise to give not included in the financial statements totaling \$700,000, which, if received, would generally be restricted for specific purposes. The donor-imposed condition for payment requires that the Center obtain contributions from other fundraising sources in excess of a specified threshold, as defined in the pledge agreement.

Note 3. Property And Equipment

Property and equipment at December 31, 2010, consist of the following:

Furniture and fixtures	\$	109,501
Equipment		314,417
Leasehold improvements		120,769
		<hr/>
		544,687
Less accumulated depreciation		(454,408)
		<hr/>
	\$	<u>90,279</u>

Depreciation expense was \$101,764 for the year ended December 31, 2010.

The Center For The Study Of The Presidency And Congress

Notes To Financial Statements

Note 4. Investments

The Center's investments at December 31, 2010, consist of the following:

Equity securities	\$ 2,615,252
Fixed income	
Corporate bonds	737,767
Municipal bonds	926,965
U.S. government bonds	345,410
	<u>4,625,394</u>
Money market funds*	26,874
Cash*	114
	<u>\$ 4,652,382</u>

*Money market funds and cash are not subject to the provisions of fair value measurements as they are recorded at cost.

The following summarizes investment return for the year ended December 31, 2010:

Interest and dividends	\$ 115,884
Realized and unrealized gains on investments	271,922
	<u>\$ 387,806</u>

Note 5. Capital Lease Liability

The Center leases copiers and telephone systems under a capital lease with a recorded cost basis of \$80,272 and related accumulated depreciation of \$41,617. The copiers and telephone systems' capital lease was recorded at the present value of the future payments due under the lease. The related liability under the capital lease at December 31, 2010, was \$19,207, all of which is due in 2011.

Note 6. Lease Commitments

The Center leases its office and a portion of its equipment under various non-cancelable agreements that expire through February 2015, as follows:

Years Ending December 31,	
2011	\$ 277,766
2012	285,404
2013	293,253
2014	301,317
2015	152,702
	<u>\$ 1,310,442</u>

Rent expense for the year ended December 31, 2010, totaled \$298,146.

The Center For The Study Of The Presidency And Congress

Notes To Financial Statements

Note 7. Board Designated Net Assets

Board designated net assets are available at December 31, 2010, for the following purposes:

	December 31, 2009	Additions	Released	Transfers	December 31, 2010
Hoxie Fund	\$ 2,911,073	\$ 242,348	\$ (376,213)	\$ 137,508	\$ 2,914,716
Barth Family Trust	185,292	15,426	(23,946)	8,752	185,524
	<u>\$ 3,096,365</u>	<u>\$ 257,774</u>	<u>\$ (400,159)</u>	<u>\$ 146,260</u>	<u>\$ 3,100,240</u>

Note 8. Temporarily Restricted Net Assets

Temporarily restricted net assets are available at December 31, 2010, for the following purposes or periods:

	December 31, 2009	Additions	Released	December 31, 2010
Time restricted:				
Promise to give	\$ 54,340	\$ 449,751	\$ (292,832)	\$ 211,259
Program restricted:				
Education and scholarships	58,976	167,500	(151,893)	74,583
	<u>\$ 113,316</u>	<u>\$ 617,251</u>	<u>\$ (444,725)</u>	<u>\$ 285,842</u>

The Board of Trustees actively monitors the performance of all CSP Endowment Funds and elected in 2003 both to rebuild the corpus of the Gordon Hoxie Endowment Fund to its original amount and to permit continued Center use of income from that fund, as needed, to meet operating expenses.

Note 9. Net Assets

Permanently restricted net assets of \$1,000,000 are restricted to investments in perpetuity for the establishment of the Gordon Hoxie Endowment Fund, the income from which is expendable to support the Center's operations.

The Board of Trustees of the Center has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Center classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditures by the Center in a manner consistent with the standard of prudence prescribed by UPMIFA.

The Center For The Study Of The Presidency And Congress

Notes To Financial Statements

Note 9. Net Assets (Continued)

In accordance with UPMIFA, the Center considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Center and the donor-restricted endowment fund
- General economic conditions
- The possible effects of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Center
- The investment policies of the Center

The Center has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment, while seeking to maintain purchasing power of the endowment assets.

All earnings for the endowment are reflected as temporarily restricted net assets until appropriated for expenditure by the Board of Trustees.

The endowment net asset composition by type of fund as of December 31, 2010, is as follows:

	Board Designated	Temporarily Restricted	Permanently Restricted	Total
Endowment funds	\$ 3,100,240	\$ -	\$ 1,000,000	\$ 4,100,240

The changes in the endowment net assets for the year ended December 31, 2010, are as follows:

	Board Designated	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 3,096,365	\$ 41,590	\$ 1,000,000	\$ 4,137,955
Contributions	-	-	-	-
Investment return:				
Interest and dividends	77,125	24,909	-	102,034
Realized and unrealized gains	180,649	58,342	-	238,991
Amounts appropriated for expenditure	(400,159)	(124,841)	-	(525,000)
Transfer from unrestricted	146,260	-	-	146,260
Endowment net assets, end of year	\$ 3,100,240	\$ -	\$ 1,000,000	\$ 4,100,240

All earnings for the board designated new assets remain classified as board designated until they are appropriated for expenditure by the Board of Trustees. The earnings on the board designated endowments for 2010 totaled \$257,774, and \$400,159 was appropriated for expenditure during the year. Transfers from unrestricted funds totaled \$146,260 for the year ended December 31, 2010.

The Center For The Study Of The Presidency And Congress

Notes To Financial Statements

Note 10. Fair Value Measurements

The Center complies with Fair Value Topic of the FASB ASC which applies to all assets and liabilities that are being measured and reported on a fair value basis and requires new disclosure that establishes a framework for measuring fair value in GAAP and expands disclosure about fair value measurements. This statement enables the reader of the financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values. The statement requires that assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

- Level 1 – Quoted market prices in active markets for identical assets or liabilities
- Level 2 – Observable market-based inputs or unobservable inputs corroborated by market data
- Level 3 – Unobservable inputs that are not corroborated by market data

The estimated fair values of the Center's short-term financial instruments, including receivables and payables arising in the ordinary course of operations, approximate their individual carrying amounts due to the relatively short period of time between their origination and expected realization.

In determining the appropriate levels, the Center performs a detailed analysis of the assets and liabilities that are subject to fair value measurements. The table below presents the balances of assets and liabilities measured at fair value on a recurring basis by level within the hierarchy:

	Level 1	Level 2	Level 3	Total
Equity securities				
Basic material	\$ 86,702	\$ -	\$ -	\$ 86,702
Consumer – Cyclical	229,160	-	-	229,160
Consumer – Staples	462,963	-	-	462,963
Energy	209,085	-	-	209,085
Financial	195,026	-	-	195,026
Healthcare	473,873	-	-	473,873
Industrials	278,581	-	-	278,581
Technology	679,862	-	-	679,862
Total equity securities	2,615,252	-	-	2,615,252
Fixed income				
Corporate bonds	-	737,767	-	737,767
Municipal bonds	-	926,965	-	926,965
U.S. Government bonds	-	345,410	-	345,410
Total fixed income	-	2,010,142	-	2,010,142
Total investments	\$ 2,615,252	\$ 2,010,142	\$ -	\$ 4,625,394

The Center's equity securities are publicly traded on the New York Stock Exchange and are considered Level 1 items. The Center's fixed income securities are priced based on their stated interest rates and quality ratings. The interest and quality ratings are observable at commonly quoted intervals for the full term of the instruments and are, therefore, considered Level 2 items.

The Center For The Study Of The Presidency And Congress

Notes To Financial Statements

Note 11. Pension Plan

The Center has a defined contribution retirement plan (the Plan). All full-time employees are eligible to participate in the Plan on the first day of the month after they begin employment. The Center makes monthly contributions of five percent of eligible employees' compensation, subject to statutory limits. All contributions are fully vested. Total pension expense was \$46,586 for the year ended December 31, 2010.

The Center also has a tax-deferred annuity plan. Employees are immediately eligible to participate in the tax-deferred annuity plan and can elect to defer a percentage of their compensation, subject to statutory limits. All contributions are fully vested. The Center contributed \$43,009 to this plan for the year ended December 31, 2010.