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MATTHEWS, CARTER & BOYCE
RESPECT. CONFIDENCE. TRUST.

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CENTER FOR SCIENCE IN THE PUBLIC INTEREST

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JUNE 30, 2011 AND 2010

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MATTHEWS, CARTER & BOYCE
RESPECT. CONFIDENCE. TRUST.

Matthews, Carter and Boyce

CENTER FOR SCIENCE IN THE PUBLIC INTEREST

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2011 AND 2010

ASSETS

	<u>2011</u>	<u>2010</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 2,365,414	\$ 2,406,901
Investments - current:		
Certificates of deposit	1,052,012	1,106,556
Accounts receivable - trade	38,553	42,673
Grants and contributions receivable	1,236,458	174,850
List rent receivable (less allowance for doubtful accounts of \$0 at June 30, 2011 and 2010)	79,369	122,535
Other receivables	8,865	19,688
Direct mail supplies	545,765	521,152
Prepaid expenses	170,374	187,805
	<u> </u>	<u> </u>
Total Current Assets	<u>\$ 5,496,810</u>	<u>\$ 4,582,160</u>
INVESTMENTS, LONG-TERM:		
U.S. Agency Securities	\$ 1,109,191	\$ 1,533,419
Mutual Funds	1,379,517	847,310
Stock	588	450
Certificates of Deposit	4,278,104	3,734,406
	<u> </u>	<u> </u>
Total Investments, Long-Term	<u>\$ 6,767,400</u>	<u>\$ 6,115,585</u>
PROPERTY AND EQUIPMENT, AT COST:		
Furniture and equipment	\$ 503,534	\$ 328,638
Leasehold improvements	1,223,706	-
Less, accumulated depreciation	(264,943)	(299,273)
	<u> </u>	<u> </u>
Property and Equipment - Net	<u>\$ 1,462,297</u>	<u>\$ 29,365</u>
OTHER ASSETS:		
Office lease security deposit	\$ 60,966	\$ 100,083
Other assets	-	4,835
	<u> </u>	<u> </u>
Total Other Assets	<u>\$ 60,966</u>	<u>\$ 104,918</u>
TOTAL ASSETS	<u><u>\$ 13,787,473</u></u>	<u><u>\$ 10,832,028</u></u>

The accompanying notes are an integral part of these statements.

LIABILITIES AND NET ASSETS

	2011	2010
CURRENT LIABILITIES:		
Accounts payable	\$ 149,473	\$ 212,384
Accrued payroll and leave	732,015	590,675
Sublease deposit	15,257	-
Current portion of deferred rent	108,774	2,676
Current portion of charitable gift annuity liability	14,090	9,796
Total Current Liabilities	\$ 1,019,609	\$ 815,531
OTHER LIABILITIES:		
Deferred rent	\$ 1,269,276	\$ -
Charitable gift annuity liability	77,533	57,843
Total Other Liabilities	\$ 1,346,809	\$ 57,843
 TOTAL LIABILITIES	 \$ 2,366,418	 \$ 873,374
 NET ASSETS:		
Operating	\$ 7,534,471	\$ 7,569,757
Board-designated reserve fund	1,000,000	1,000,000
Foreign currency translation adjustment from Canadian operations	853,811	844,044
Total Unrestricted	\$ 9,388,282	\$ 9,413,801
Temporarily restricted	1,671,114	183,994
Permanently restricted (endowment)	361,659	360,859
Total Net Assets	\$ 11,421,055	\$ 9,958,654
 TOTAL LIABILITIES AND NET ASSETS	 \$ 13,787,473	 \$ 10,832,028

CENTER FOR SCIENCE IN THE PUBLIC INTEREST
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

	2011			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
SUPPORT AND REVENUE:				
Membership dues	\$ 10,500,988	\$ -	\$ -	\$ 10,500,988
Contributions	4,635,486	183,550	800	4,819,836
Foundation grants	25,000	1,873,008	-	1,898,008
Publication sales	190	-	-	190
Investment income	184,686	-	-	184,686
Net realized and unrealized gains on investments	251,119	-	-	251,119
Royalty income	302,209	-	-	302,209
Loss on disposal of fixed assets	(18,917)	-	-	(18,917)
Other income	186,761	-	-	186,761
Net assets released from restrictions:				
Satisfaction of program restrictions	569,438	(569,438)	-	-
Total Support and Revenue	<u>\$ 16,636,960</u>	<u>\$ 1,487,120</u>	<u>\$ 800</u>	<u>\$ 18,124,880</u>
EXPENSES:				
Program Services:				
Public education	\$ 3,232,531	\$ -	\$ -	\$ 3,232,531
Nutrition Action Healthletter	6,876,178	-	-	6,876,178
Special projects	4,264,680	-	-	4,264,680
Total Program Services	<u>\$ 14,373,389</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,373,389</u>
Supporting Services:				
Membership development	\$ 1,154,787	\$ -	\$ -	\$ 1,154,787
Management and general	604,399	-	-	604,399
Fund-raising	539,671	-	-	539,671
Total Supporting Services	<u>\$ 2,298,857</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,298,857</u>
Total Expenses	<u>\$ 16,672,246</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,672,246</u>
CHANGE IN NET ASSETS	\$ (35,286)	\$ 1,487,120	\$ 800	\$ 1,452,634
FOREIGN CURRENCY TRANSLATION ADJUSTMENT FROM CANADIAN OPERATIONS				
	9,767	-	-	9,767
NET ASSETS, BEGINNING OF YEAR	<u>9,413,801</u>	<u>183,994</u>	<u>360,859</u>	<u>9,958,654</u>
NET ASSETS, END OF YEAR	<u>\$ 9,388,282</u>	<u>\$ 1,671,114</u>	<u>\$ 361,659</u>	<u>\$ 11,421,055</u>

The accompanying notes are an integral part of these statements.

2010

<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
\$ 10,718,616	\$ -	\$ -	\$ 10,718,616
4,395,418	500,000	700	4,896,118
10,000	133,000	-	143,000
20,695	-	-	20,695
167,835	-	-	167,835
103,675	-	-	103,675
450,627	-	-	450,627
-	-	-	-
96,224	-	-	96,224
769,755	(769,755)	-	-
<u>\$ 16,732,845</u>	<u>\$ (136,755)</u>	<u>\$ 700</u>	<u>\$ 16,596,790</u>
\$ 3,020,254	\$ -	\$ -	\$ 3,020,254
6,739,308	-	-	6,739,308
3,537,450	-	-	3,537,450
<u>\$ 13,297,012</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,297,012</u>
\$ 1,040,984	\$ -	\$ -	\$ 1,040,984
422,001	-	-	422,001
437,707	-	-	437,707
<u>\$ 1,900,692</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,900,692</u>
<u>\$ 15,197,704</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,197,704</u>
\$ 1,535,141	\$ (136,755)	\$ 700	\$ 1,399,086
48,962	-	-	48,962
<u>7,829,698</u>	<u>320,749</u>	<u>360,159</u>	<u>8,510,606</u>
<u>\$ 9,413,801</u>	<u>\$ 183,994</u>	<u>\$ 360,859</u>	<u>\$ 9,958,654</u>

CENTER FOR SCIENCE IN THE PUBLIC INTEREST

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2011

(With Comparative Totals for 2010)

	Program Services			Total
	Public Education	Nutrition Action Health- Letter	Special Projects	
Salaries	\$ 407,623	\$ 1,198,995	\$ 2,443,582	\$ 4,050,200
Payroll taxes	27,086	81,210	163,342	271,638
Employee benefits	66,820	178,007	352,423	597,250
Total Salaries and Related expenses	\$ 501,529	\$ 1,458,212	\$ 2,959,347	\$ 4,919,088
Advertising	-	-	5,113	5,113
Conferences and travel	7,073	11,675	138,875	157,623
Consultants, professionals and temporary services	44,933	199,210	282,341	526,484
Data processing	-	311,335	-	311,335
Depreciation and amortization	-	31,323	79,237	110,560
Equipment rental and maintenance	-	31,379	70,389	101,768
Mail list costs	278,191	-	200	278,391
Occupancy	-	146,186	369,788	515,974
Other expenses	8,689	433,710	151,644	594,043
Postage and mailing	1,682,231	3,033,561	64,930	4,780,722
Printing and publications	706,149	1,195,181	14,444	1,915,774
Supplies	626	4,511	13,668	18,805
Telephone, internet and network support	3,110	19,895	114,704	137,709
Totals	<u>\$ 3,232,531</u>	<u>\$ 6,876,178</u>	<u>\$ 4,264,680</u>	<u>\$ 14,373,389</u>

The accompanying notes are an integral part of this statement.

Supporting Services

Membership Development	Management and General	Fund- raising	Total	2011 Total Expenses	2010 Total Expenses
\$ 84,626	\$ 139,251	\$ 143,952	\$ 367,829	\$ 4,418,029	\$ 3,930,398
5,202	10,634	9,107	24,943	296,581	266,729
13,109	20,010	22,107	55,226	652,476	438,143
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\$ 102,937	\$ 169,895	\$ 175,166	\$ 447,998	\$ 5,367,086	\$ 4,635,270
-	-	-	-	5,113	10,369
411	4,316	4,210	8,937	166,560	84,385
1,991	14,912	30,044	46,947	573,431	386,681
-	-	-	-	311,335	321,251
4,920	23,302	9,714	37,936	148,496	34,141
6,045	(2,104)	6,392	10,333	112,101	69,626
124,570	-	542	125,112	403,503	311,595
22,962	116,180	45,340	184,482	700,456	739,764
7,066	227,975	15,254	250,295	844,338	688,519
613,552	992	184,646	799,190	5,579,912	5,510,062
268,316	8,872	64,538	341,726	2,257,500	2,222,933
448	16,977	681	18,106	36,911	32,027
1,569	23,082	3,144	27,795	165,504	151,081
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\$ 1,154,787	\$ 604,399	\$ 539,671	\$ 2,298,857	\$ 16,672,246	\$ 15,197,704

CENTER FOR SCIENCE IN THE PUBLIC INTEREST

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2010

	Program Services			Total
	Public Education	Nutrition Action Health- Letter	Special Projects	
Salaries	\$ 386,799	\$ 1,085,996	\$ 2,140,003	\$ 3,612,798
Payroll taxes	26,044	73,020	145,696	244,760
Employee benefits	44,724	117,525	237,901	400,150
Total Salaries and Related expenses	\$ 457,567	\$ 1,276,541	\$ 2,523,600	\$ 4,257,708
Advertising	-	-	10,253	10,253
Conferences and travel	6,646	13,273	59,382	79,301
Consultants, professionals and temporary services	14,803	173,305	177,272	365,380
Data processing	-	321,251	-	321,251
Depreciation and amortization	2,247	7,176	18,154	27,577
Equipment rental and maintenance	7,065	26,014	58,342	91,421
Mail list costs	214,796	-	-	214,796
Occupancy	-	153,895	388,815	542,710
Other expenses	12,599	439,756	108,571	560,926
Postage and mailing	1,680,142	2,994,163	57,360	4,731,665
Printing and publications	619,922	1,298,370	18,821	1,937,113
Supplies	810	4,067	11,026	15,903
Telephone, internet and network support	3,657	31,497	105,854	141,008
Totals	<u>\$ 3,020,254</u>	<u>\$ 6,739,308</u>	<u>\$ 3,537,450</u>	<u>\$ 13,297,012</u>

The accompanying notes are an integral part of this statement.

Supporting Services

Membership Development	Management and General	Fund- raising	Total	Total Expenses
\$ 72,351	\$ 128,949	\$ 116,300	\$ 317,600	\$ 3,930,398
4,655	9,234	8,080	21,969	266,729
8,525	16,203	13,265	37,993	438,143
\$ 85,531	\$ 154,386	\$ 137,645	\$ 377,562	\$ 4,635,270
-	116	-	116	10,369
240	1,695	3,149	5,084	84,385
1,448	13,887	5,966	21,301	386,681
-	-	-	-	321,251
349	5,458	757	6,564	34,141
1,099	(25,273)	2,379	(21,795)	69,626
94,483	-	2,316	96,799	311,595
24,173	125,151	47,730	197,054	739,764
1,230	121,293	5,070	127,593	688,519
602,520	1,215	174,662	778,397	5,510,062
229,171	70	56,579	285,820	2,222,933
146	15,729	249	16,124	32,027
594	8,274	1,205	10,073	151,081
\$ 1,040,984	\$ 422,001	\$ 437,707	\$ 1,900,692	\$ 15,197,704

CENTER FOR SCIENCE IN THE PUBLIC INTEREST

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 1,452,634	\$ 1,399,086
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	\$ 148,496	\$ 34,141
Realized and unrealized gains on investments	(251,119)	(103,675)
Loss on disposal of property and equipment	18,917	-
Foreign currency translation adjustment from Canadian operations	9,767	48,962
(Increase) Decrease in Assets:		
Accounts receivable - trade	4,120	(13,897)
Grants and contributions receivable	(1,061,608)	(46,352)
List rent receivable	43,166	65,065
Other receivables	10,823	(14,547)
Direct mail supplies	(24,613)	(215,833)
Prepaid expenses	17,431	90,653
Office lease security deposit	39,117	(62,794)
Other assets	4,835	-
Increase (Decrease) in Liabilities:		
Accounts payable	(62,911)	13,804
Accrued payroll and leave	141,340	131,456
Sublease deposit	15,257	-
Deferred rent	1,375,374	(8,028)
Charitable gift annuity liability	23,984	(1,969)
Total Adjustments	\$ 452,376	\$ (83,014)
Net Cash Provided by Operating Activities	\$ 1,905,010	\$ 1,316,072
CASH FLOWS FROM INVESTING ACTIVITIES:		
Furniture and equipment and leasehold improvement purchases	\$ (1,600,345)	\$ (4,864)
Investment sales	583,251	2,405,683
Investment purchases	(929,403)	(5,988,920)
Net Cash Used by Investing Activities	\$ (1,946,497)	\$ (3,588,101)
NET DECREASE IN CASH AND CASH EQUIVALENTS	\$ (41,487)	\$ (2,272,029)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	2,406,901	4,678,930
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 2,365,414	\$ 2,406,901

The accompanying notes are an integral part of these statements.

CENTER FOR SCIENCE IN THE PUBLIC INTEREST

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011 AND 2010

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 citizens' 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.

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 Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 958 "Not for Profit Entities", 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 FASB ASC 958, "Not for Profit Entities". 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.

Leasehold improvements, also recorded at cost, are being amortized over the remaining life of the original lease.

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.

Deferred Rent:

Deferred rent expense (liability) is recorded and amortized to the extent the total minimum rental payments allocated to the current period on a straight-line basis are more than the cash payments required.

CENTER FOR SCIENCE IN THE PUBLIC INTEREST

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011 AND 2010

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

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.

CSPI has adopted Financial Accounting Standards Board Interpretation No. 48, "Accounting for Uncertainty in Income Taxes", (FIN 48), as permitted by FASB Staff Position (FSP) FIN 48-3, which is codified as FASB ASC 740. FASB ASC 740 requires changes in recognition and measurement for uncertain tax positions. CSPI has analyzed its tax positions, and has concluded that no liability should be recorded related to any uncertain tax positions. CSPI is not aware of any tax positions which it believes will change materially in the next twelve months. If this position changes, CSPI will assess the impact of any such matters on its financial position and results of operations.

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 grants receivable are due in less than one year at June 30, 2011 and 2010, respectively.

Accounts Receivable:

Accounts receivable 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, 2011 and 2010.

CENTER FOR SCIENCE IN THE PUBLIC INTEREST

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011 AND 2010

Note 1. Organization and Summary of Significant Accounting Policies (Concluded)

Recent Accounting Pronouncements:

On June 29, 2009, the Financial Accounting Standards Board (FASB) issued an accounting pronouncement establishing the FASB Accounting Standards Codification (the "ASC") as the source of authoritative principles recognized by the FASB to be applied by nongovernmental entities. This pronouncement was effective for financial statements issued for interim and annual periods ending after September 15, 2009, for most entities. On the effective date, all non-SEC accounting and reporting standards were superseded. CSPI adopted this new accounting pronouncement for the year ended June 30, 2010, as required, and the adoption did not have a material impact on the statements taken as a whole.

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;
- 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, 2011 AND 2010

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.
- conduct an annual, nationwide Food Day to promote delicious, healthy and affordable food that is produced in a sustainable humane way.

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, 2011 and 2010:

<u>Description</u>	<u>2011</u>	<u>2010</u>
Cash on hand	\$ 1,332	\$ 1,332
Cash in banks	2,063,110	2,063,020
Money market funds	<u>300,972</u>	<u>342,549</u>
Total	<u>\$ 2,365,414</u>	<u>\$ 2,406,901</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 temporarily restricted. The Company had temporarily restricted cash of \$1,542,290 and \$183,994 as of June 30, 2011 and 2010, respectively.

A portion of long term investments are permanently restricted. The Company had permanently restricted investments of \$361,659 and \$360,859 as of June 30, 2011 and 2010, respectively.

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, 2011 AND 2010

Note 4. Temporarily Restricted Net Assets (Concluded)

Temporarily restricted net assets and the amounts that were released from restriction at June 30, 2011 and 2010 were comprised of the following programs:

<u>Purpose</u>	<u>Donor</u>	<u>Balance 06/30/10</u>	<u>Revenue/ Contributions</u>	<u>Released</u>	<u>Balance 06/30/11</u>
Anti Soda Campaign	Hilda Mullen Foundation	\$ -	\$ 15,000	\$ (15,000)	\$ -
Anti-Toxin Alternatives Project	Ruth Test Bequest Fund	171,494	-	(50,061)	121,433
Campaign for Healthy School Foods	Park Foundation	12,500	-	(12,500)	-
Food Day	CECHE	-	10,000	(10,000)	-
Food Day	Dr. Lucy Waletzky	-	60,000	(60,000)	-
Food Day	William James Foundation	-	5,000	(5,000)	-
Food Day	Shared Earth Foundation	-	5,000	(5,000)	-
Food Day	Moon Drunk Fund	-	8,000	(8,000)	-
Food Day	Ralph E. Ogden Foundation	-	5,000	(5,000)	-
Food Day Website	Elfenworks Foundation	-	10,000	(10,000)	-
Food Dye	Freed Foundation	-	10,000	(10,000)	-
Food Dye	Anonymous	-	25,000	(25,000)	-
Food Dye	Mr. & Mrs. Jeffrey Soros	-	5,000	(5,000)	-
Food Dye/Hyperactivity In Children	Helena Rubenstein Foundation	-	25,000	-	25,000
Food Marketing to Children	Robert Wood Johnson/Public Health Institute	-	198,558	(99,279)	99,279
Kick the Can Campaign	Anonymous	-	25,000	(25,000)	-
Reduce Obesity/Diet Related Chronic Diseases	Anonymous	-	1,000,000	(152,378)	847,622
Reduce Soft Drink Consumption	Kresge Foundation	-	650,000	(72,220)	577,780
		<u>\$ 183,994</u>	<u>\$ 2,056,558</u>	<u>\$ (569,438)</u>	<u>\$1,671,114</u>

<u>Purpose</u>	<u>Donor</u>	<u>Balance 06/30/09</u>	<u>Revenue/ Contributions</u>	<u>Released</u>	<u>Balance 06/30/10</u>
Anti-Toxin Alternatives Project	Ruth Test Bequest Fund	\$ 259,205	\$ -	\$ (87,711)	\$ 171,494
Campaign for Healthy School Foods	Park Foundation	-	50,000	(37,500)	12,500
Food Marketing to Children	Robert Wood Johnson	14,163	-	(14,163)	-
Food Safety	Philancon Fund	1,250	-	(1,250)	-
Herbal Products Initiative	Rose Foundation	4,167	-	(4,167)	-
Menu Labeling	Anonymous	-	500,000	(500,000)	-
Nutrition Advocacy	Kresge Foundation	-	83,000	(83,000)	-
Nutrition Policy/Food Safety	Abrams Foundation	8,333	-	(8,333)	-
Nutrition Policy/Food Safety	Flora Thornton Foundation	22,917	-	(22,917)	-
Research Concerning Diet & Cancer	Freed Foundation	10,714	-	(10,714)	-
		<u>\$ 320,749</u>	<u>\$ 633,000</u>	<u>\$ (769,755)</u>	<u>\$ 183,994</u>

CENTER FOR SCIENCE IN THE PUBLIC INTEREST

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011 AND 2010

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 unrestricted operating expenses.

CSPI has adopted investment policies based on the requirements of the Uniform Prudent Management of Institutional Funds Act (UPMIFA), and in accordance with donor restrictions, contributions to the endowment fund are classified as permanently restricted net assets. Income from the fund is classified as an increase in unrestricted net assets.

The composition of endowment net assets for this fund and the changes in endowment net assets as of June 30, 2011 and 2010 are as follows:

	Permanently Restricted
Endowment net assets, June 30, 2009	\$ 360,159
Contributions	<u>700</u>
Endowment net assets, June 30, 2010	\$ 360,859
Contributions	<u>800</u>
Endowment net assets, June 30, 2011	<u><u>\$ 361,659</u></u>

Note 6. Investments

CSPI values its investments in accordance with "The Fair Value Measurements and Disclosure Topic" of FASB ASC 820. FASB ASC 820 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. Investments consisted of the following at June 30:

	2011		
	Cost	Unrealized Appreciation (Depreciation)	Fair Market Value
Mutual Funds	\$ 1,160,635	\$ 218,882	\$ 1,379,517
Certificates of Deposit	5,302,012	28,104	5,330,116
Stock	387	201	588
U.S. Agency Securities	1,115,092	(5,901)	1,109,191
Total	<u>\$ 7,578,126</u>	<u>\$ 241,286</u>	<u>\$ 7,819,412</u>

CENTER FOR SCIENCE IN THE PUBLIC INTEREST

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011 AND 2010

Note 6. Investments (Concluded)

	2010		
	Cost	Unrealized Appreciation (Depreciation)	Fair Market Value
Mutual Funds	\$ 874,221	\$ (26,911)	\$ 847,310
Certificates of Deposit	4,833,367	7,595	4,840,962
Stock	387	63	450
U.S. Agency Securities	1,524,098	9,321	1,533,419
Total	\$ 7,232,073	\$ (9,932)	\$ 7,222,141

Investment return is summarized as follows:

	2011	2010
Interest and dividends	\$ 184,686	\$ 167,835
Net realized and unrealized gains on investments	251,119	103,675
Total Unrestricted Investment Income	\$ 435,805	\$ 271,510

Note 7. Lease Commitments

CSPI was 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 included 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.

During the fiscal year ending June 30, 2010, CSPI entered into a new long term lease for office space. The lease commenced on November 1, 2010 and terminates on January 31, 2022. The lease calls for monthly base rent of \$59,486 and includes provisions for annual rental increases each November 1. The lease also includes provisions for additional rent based on increased operating expenses and real estate taxes. As part of the lease agreement the landlord granted a \$1,223,706 build out allowance as well as a three month rent abatement. 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.

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. Commencing on September 1, 2010 CSPI extended the lease for an additional twelve months for approximately \$655 U.S. dollars per month. CSPI is currently in the process of negotiating a lease renewal beyond September, 2011.

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.

CENTER FOR SCIENCE IN THE PUBLIC INTEREST

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011 AND 2010

Note 7. Lease Commitments (Concluded)

During September 2010, CSPI entered into a 39 month lease for certain office equipment. Monthly payments under the lease are \$2,192.

During December 2010, CSPI entered into a 63 month lease for certain office equipment. Monthly payments under the lease are \$908.

At June 30, 2011, the future minimum lease commitments are as follows:

Year Ending	
<u>June 30,</u>	
2012	\$ 739,264
2013	738,910
2014	712,254
2015	698,039
2016	695,505
Thereafter	<u>3,841,270</u>
Total Minimum Lease Commitments	<u>\$ 7,425,242</u>

Rental expense is shown net of sublease income on the statements of functional expenses. For the years ended June 30, 2011 and 2010, gross rent expense was approximately \$730,000 and \$740,000 and sublease income was approximately \$30,000 and \$0, respectively.

Note 8. Allocation of Joint Costs

For the year ended June 30, 2011, CSPI incurred joint costs of \$3,564,775 for informational materials for the purpose of membership development. Of those costs, \$2,459,695 was allocated to Public Education and \$1,105,080 was allocated to Membership Development. For the year ended June 30, 2010, CSPI incurred joint costs of \$3,280,039 for informational materials for the purpose of membership development. Of those costs, \$2,263,229 was allocated to Public Education and \$1,016,810 was allocated to Membership Development.

For the year ended June 30, 2011, CSPI incurred joint costs of \$1,218,192 for informational materials that included fund-raising appeals. Of those costs \$767,461 was allocated to Public Education and \$450,731 was allocated to fund-raising. Additionally, for the year ended June 30, 2010, CSPI incurred joint costs of \$1,146,976 for informational materials that included fund-raising appeals. Of those costs \$757,025 was allocated to Public Education and \$389,951 was allocated to fund-raising.

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 \$368,045 and \$168,399 under its supplementary retirement benefit plan during the fiscal years ended June 30, 2011 and 2010, 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.

CENTER FOR SCIENCE IN THE PUBLIC INTEREST

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011 AND 2010

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 2011 and 2010, 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 2011 and 2010 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, 2011 and 2010, the estimated charitable gift annuity liability totaled \$91,623 and \$67,639, respectively.

Note 14. Subsequent Events

CSPI has evaluated events through November 17, 2011, the date the financial statements were available to be issued, and determined that there were no events occurring subsequent to June 30, 2011 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.