

CORPORATE ACCOUNTABILITY INTERNATIONAL

Financial Statements
June 30, 2009

CORPORATE ACCOUNTABILITY INTERNATIONAL
FINANCIAL STATEMENTS
JUNE 30, 2009

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To the Board of Directors of
Corporate Accountability International
Boston, Massachusetts

Independent Auditors' Report

We have audited the accompanying statement of financial position of Corporate Accountability International, (a nonprofit organization) as of June 30, 2009, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 financial statements referred to above present fairly, in all material respects, the financial position of Corporate Accountability International as of June 30, 2009, and the changes in net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.



SANDBERG, GONZALEZ & CREEDEN, P.C.
Certified Public Accountants

Stoughton, Massachusetts
October 21, 2009

CORPORATE ACCOUNTABILITY INTERNATIONAL

STATEMENT OF FINANCIAL POSITION
JUNE 30, 2009

ASSETS

	<u>2009</u>
<u>Current Assets</u>	
Cash and cash equivalents	\$ 1,554,746
Accounts receivable	2,095
Pledges receivable	366,000
Prepaid expenses	<u>15,658</u>
Total current assets	1,938,499
<u>Property and Equipment</u>	
Leasehold improvements	123,733
Equipment	<u>189,587</u>
subtotal	313,320
Less: accumulated depreciation	<u>(112,803)</u>
Total property and equipment	200,517
<u>Other Assets</u>	
Deposits	<u>18,630</u>
Total other assets	<u>18,630</u>
<u>Total Assets</u>	<u>\$ 2,157,646</u>

LIABILITIES AND NET ASSETS

<u>Current Liabilities</u>	
Accrued expenses	\$ 43,172
Accrued vacation	<u>34,306</u>
Total current liabilities	77,478
<u>Net Assets</u>	
Unrestricted	1,714,168
Temporarily restricted	<u>366,000</u>
Total net assets	<u>2,080,168</u>
<u>Total Liabilities and Net Assets</u>	<u>\$ 2,157,646</u>

See accompanying notes and Independent Auditors' Report.

CORPORATE ACCOUNTABILITY INTERNATIONAL

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009

	2009		
	Temporarily Unrestricted	Restricted	Total
<u>Support and Revenue</u>			
<u>Support</u>			
Grants and contributions	\$ 3,036,791	\$ 611,000	\$ 3,647,791
Released from restriction	766,781	(766,781)	
<u>Revenue</u>			
Interest and dividends	16,524		16,524
Other income	333		333
Sales	37,695		37,695
Net realized (losses) on investments	(1,987)		(1,987)
Total support and revenue	3,856,137	(155,781)	3,700,356
 <u>Expenses</u>			
Program services	3,148,762		3,148,762
Management and general	246,467		246,467
Fundraising	212,359		212,359
Total expenses	3,607,588		3,607,588
 <u>Change in Net Assets</u>	248,549	(155,781)	92,768
 <u>Net Assets - Beginning of Year</u>	1,465,619	521,781	1,987,400
 <u>Net Assets - End of Year</u>	\$ 1,714,168	\$ 366,000	\$ 2,080,168

See accompanying notes and Independent Auditors' Report.

CORPORATE ACCOUNTABILITY INTERNATIONAL

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE PERIOD ENDED JUNE 30, 2009

	2009			
	Program Services	Management and General	Fundraising	Total
Salaries	\$ 1,309,109	\$ 127,080	\$ 91,400	\$ 1,527,589
Payroll taxes	122,610	11,406	8,554	142,570
Employee benefits	145,792	13,562	10,171	169,525
Subtotal	<u>1,577,511</u>	<u>152,048</u>	<u>110,125</u>	<u>1,839,684</u>
Advertising	4,916			4,916
Bank charges		14,769		14,769
Conferences and trainings	20,545		418	20,963
Consultants and contract services	818,755	3,018	65,562	887,335
Depreciation	30,794	2,865	2,148	35,807
Dues and fees		624		624
Equipment rental and maintenance	5,930	552	413	6,895
Grant expense	2,600			2,600
Insurance	2,989	278	209	3,476
Interest		290		290
Media and education	151,317		29	151,346
Meetings and events	6,815	2,612	166	9,593
Miscellaneous		4,596		4,596
Moving expense		15,756		15,756
Payroll fees		1,326		1,326
Postage and shipping	14,185	956	962	16,103
Printing and copying	2,523	127	1	2,651
Professional fees		7,570		7,570
Publications	3,761	55	233	4,049
Rent	216,308	20,122	15,091	251,521
Repairs and maintenance	7,679	714	536	8,929
State registration fees		4,592		4,592
Supplies	25,657	2,387	1,790	29,834
Telephone and internet	52,494	4,883	3,663	61,040
Travel	192,928	5,299	10,241	208,468
Utilities	11,055	1,028	772	12,855
Total	<u>\$ 3,148,762</u>	<u>\$ 246,467</u>	<u>\$ 212,359</u>	<u>\$ 3,607,588</u>

See accompanying notes and Independent Auditors' Report.

CORPORATE ACCOUNTABILITY INTERNATIONAL

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2009

	<u>2009</u>
<u>Cash Flows From Operating Activities</u>	
Change in net assets	\$ 92,768
Adjustment to reconcile change in net assets to cash provided by operating activities:	
Depreciation	35,807
Realized losses on investments	1,987
Donated securities included in contributions	(513,199)
(Increase) decrease in:	
Accounts receivable	(2,095)
Pledges receivable	155,781
Prepaid expenses	15,813
Increase (decrease) in:	
Accrued expenses	5,075
Accrued vacation	<u>13,134</u>
<u>Net Cash (Used) by Operating Activities</u>	<u>(194,929)</u>
<u>Cash Flows From Investing Activities</u>	
Purchase of equipment and leasehold improvements	(202,760)
Proceeds from sale of securities	511,212
Payment of security deposit	<u>(4,775)</u>
<u>Net Cash Provided by Investing Activities</u>	<u>303,677</u>
<u>Cash Flows From Financing Activities</u>	
Repayment of obligation under capital lease	<u>(6,139)</u>
<u>Net Cash (Used) by Financing Activities</u>	<u>(6,139)</u>
<u>Increase in Cash and Cash Equivalents</u>	102,609
<u>Cash and Cash Equivalents - Beginning of Year</u>	<u>1,452,137</u>
<u>Cash and Cash Equivalents - End of Year</u>	<u>\$ 1,554,746</u>
SUPPLEMENTAL INFORMATION:	
Interest paid	<u>\$ 290</u>
Disposal of fully depreciated fixed assets	<u>\$ 0</u>
Securities contributed	<u>\$ 513,199</u>

See accompanying notes and Independent Auditors' Report.

CORPORATE ACCOUNTABILITY INTERNATIONAL

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

Note 1. Organization

Infant Formula Action Coalition (INFACT) was organized in 1978 as a Minnesota not-for-profit corporation. During the year ended December 31, 1989, the corporation changed its name to Infact. In 2004, the Organization changed its name to Corporate Accountability International. Corporate Accountability International's long-term goal is to ensure global survival and create a world that affirms life: a world where people can adequately meet their basic human needs for food, water, shelter and good health; a world where the opportunity exists for all people to reach their full human potential; a world where security is based on cooperation and community.

For over 25 years, Corporate Accountability International and our members have led the way to protect people and save lives by waging and winning campaigns challenging abusive corporations. Every day, irresponsible and dangerous corporate actions threaten people's lives around the world—today, our mission is more urgent than ever.

Corporate Accountability International's programs educate millions of people each year around the dangers of corporate interference in public policymaking in support of democratic institutions and a just society.

Note 2. Summary of Significant Accounting Policies

- a. Standards of Accounting and Reporting
The Organization follows the standards of accounting and financial reporting as described in the American Institute of Certified Public Accountants' Audit and Accounting Guide for "Not-for-Profit Organizations".
- b. Financial Statement Presentation
Financial statement presentation follows the requirements of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Organization 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. A description of the three net asset categories follows:

Unrestricted - Net assets that are not subject to donor-imposed restrictions. Un-restricted net assets may be designated for specific purposes by action of the Board of Directors.

Temporarily Restricted - Net assets whose use by the Organization is subject to donor-imposed restrictions that can be fulfilled by actions of the Organization pursuant to those restrictions or that expire by the passage of time.

Permanently Restricted - Net assets subject to donor-imposed restrictions that they be maintained permanently by the Organization. No permanently restricted assets were received or held during 2009 and accordingly, these financials do not reflect any activity related to this class of net assets for 2009.

CORPORATE ACCOUNTABILITY INTERNATIONAL

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

(Continued)

Note 2. Summary of Significant Accounting Policies (Continued)

c. Use of Estimates

The presentation 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 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

d. Fixed Assets

These assets are stated at cost, when purchased, or if donated, at their estimated fair value at date of donation. All acquisitions of property and equipment in excess of \$1,000 and all expenditures for repair, maintenance and betterments that materially prolong the useful lives of assets are capitalized.

e. Cash and Cash Equivalents

For purposes of the statement of cash flows, Corporate Accountability International considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. An investment account is maintained by the Organization to liquidate donated stock. Any account balance at year end is reported as a cash equivalent in these financial statements.

f. Depreciation

Provisions for depreciation are made in the accounts using the straight-line method over the estimated useful life of the asset. The estimated useful lives of the asset are as follows:

Leasehold improvements	7 years
Equipment	3-5 years

g. Promises To Give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

h. Allocation of Expenses

Expenses by function have been allocated among program and supporting services classifications directly or on the basis of time records and estimates made by the Organization's management.

CORPORATE ACCOUNTABILITY INTERNATIONAL

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

(Continued)

Note 2. Summary of Significant Accounting Policies (Continued)

i. Restricted and Unrestricted Revenue and Support

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Note 3. Tax Status

Corporate Accountability International is exempt from federal and state income tax under Section 501(c)(3) of the Internal Revenue Code and accordingly, no provision for income taxes is included in the financial statements. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(1).

Note 4. Office Leases

The Organization leases office space under a number of leases as follows:

- A lease in Boston, MA beginning March 2005 and ending October 2011 with annual fixed payments of \$77,196. The lease agreement stipulates rental adjustments for escalations of real estate taxes, operating costs and the consumer price index estimated at 2.5%
- A lease in Boston, MA beginning October 2008 and ending October 2015 with monthly payments of \$19,870. The lease agreement includes annual increases and includes electric costs.
- A one year lease in Washington DC beginning April 2009 requiring monthly payments of \$3,100.
- A one year lease in Washington DC beginning January 2008 requiring monthly payments of \$899 through December 31, 2008. The organization then occupied the rental space through April 2009 as a tenant-at-will paying \$921 per month.
- A lease in Jamaica Plain, MA ending May 2008 requiring monthly payments of \$1,250, which was then replaced with a lease in Roxbury, MA from June 2008 through August 2008 requiring monthly payments of \$1,487.

The rental costs for the year ended June 30, 2009 totaled \$251,521.

Future minimum lease payments are as follows:

2010	\$ 390,782
2011	363,580
2012	308,185
2013	204,488
2014	286,520

CORPORATE ACCOUNTABILITY INTERNATIONAL

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

(Continued)

Note 5. Temporarily Restricted Net Assets

Temporarily restricted net assets consist of pledges expected to be received in 2010.

Note 6. Related Party Transactions

Some members of the Board of Directors are also employed by the Organization. Salaries were determined by the cost of living needs of the employees and the financial resources available to the Organization and approved annually by the Board of Directors.

Note 7. Benefit Plan

The Organization offers a Simplified Employee Pension - Individual Retirement Plan. All employees who are at least 21 years of age and have performed at least 3 years of service to the Organization during the previous 5 years receive organizational contributions. Pension expense totaled \$24,310 for the period ended June 30, 2009.

Note 8. Joint Costs

The Organization hired a fundraising consultant to distribute direct mail that includes a fundraising appeal. Total joint costs of direct mail/consulting were \$369,141. Of that total, \$51,656 has been allocated to fundraising.

Note 9. Concentrations of Credit Risk

The Organization maintains cash and cash equivalents in various local financial institutions. Cash accounts at banks are insured up to \$250,000 by the Federal Deposit Insurance Corporation. Amounts in excess of insured limits were \$636,500 at June 30, 2009. Management monitors the financial condition of the banking institution on a regular basis, along with balances in the cash accounts, in order to keep the potential risk to a minimum.

Note 10. Deposits

Deposits at December 31, 2009 consist of the following:

Office rental deposits	\$ <u>18,630</u>
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Note 11. Equipment Rental

The Organization leases a copy machine under a five-year lease beginning November, 2008. Monthly payments of \$327 are required. Future minimum lease payments are as follows:

2010	\$ 3,924
2011	3,924
2012	3,924
2013	3,924
2014	1,635