



CERTIFIED PUBLIC ACCOUNTANTS

MATTHEWS, CARTER AND BOYCE, P.C.

CENTER FOR SCIENCE IN THE PUBLIC INTEREST

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JUNE 30, 2010 AND 2009

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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, 2010 AND 2009

ASSETS

	<u>2010</u>	<u>2009</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 2,406,901	\$ 4,678,930
Investments - current:		
Certificates of deposit	1,106,556	548,625
Accounts receivable - trade	42,673	28,776
Grants and contributions receivable	174,850	128,498
List rent receivable (less allowance for doubtful accounts of \$0 at June 30, 2010 and 2009)	122,535	187,600
Other receivables	19,688	5,141
Direct mail supplies	521,152	305,319
Prepaid expenses	<u>187,805</u>	<u>278,458</u>
 Total Current Assets	 <u>\$ 4,582,160</u>	 <u>\$ 6,161,347</u>
 INVESTMENTS, LONG-TERM:		
U.S. Agency Securities	\$ 1,533,419	\$ 1,757,208
Mutual Funds	847,310	631,490
Stock	450	385
Certificates of Deposit	<u>3,734,406</u>	<u>597,521</u>
Total Investments, Long-Term	<u>\$ 6,115,585</u>	<u>\$ 2,986,604</u>
 PROPERTY AND EQUIPMENT, AT COST:		
Furniture and equipment	\$ 328,638	\$ 323,774
Less, accumulated depreciation	<u>(299,273)</u>	<u>(265,132)</u>
 Property and Equipment - Net	 <u>\$ 29,365</u>	 <u>\$ 58,642</u>
 OTHER ASSETS:		
Office lease security deposit	\$ 100,083	\$ 37,289
Other assets	<u>4,835</u>	<u>4,835</u>
 Total Other Assets	 <u>\$ 104,918</u>	 <u>\$ 42,124</u>
 TOTAL ASSETS	 <u><u>\$ 10,832,028</u></u>	 <u><u>\$ 9,248,717</u></u>

The accompanying notes are an integral part of these statements.

LIABILITIES AND NET ASSETS

	2010	2009
CURRENT LIABILITIES:		
Accounts payable	\$ 212,384	\$ 198,580
Accrued payroll and leave	590,675	459,219
Current portion of deferred rent	2,676	8,028
Current portion of charitable gift annuity liability	9,796	11,105
Total Current Liabilities	\$ 815,531	\$ 676,932
 OTHER LIABILITIES:		
Deferred rent	\$ -	\$ 2,676
Charitable gift annuity liability	57,843	58,503
Total Other Liabilities	\$ 57,843	\$ 61,179
 TOTAL LIABILITIES	 \$ 873,374	 \$ 738,111
 NET ASSETS:		
Operating	\$ 7,569,757	\$ 6,034,616
Board-designated reserve fund	1,000,000	1,000,000
Foreign currency translation adjustment from Canadian operations	844,044	795,082
Total Unrestricted	\$ 9,413,801	\$ 7,829,698
Temporarily restricted	183,994	320,749
Permanently restricted (endowment)	360,859	360,159
Total Net Assets	\$ 9,958,654	\$ 8,510,606
 TOTAL LIABILITIES AND NET ASSETS	 \$ 10,832,028	 \$ 9,248,717

CENTER FOR SCIENCE IN THE PUBLIC INTEREST
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

	2010			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
SUPPORT AND REVENUE:				
Membership dues	\$ 10,718,616	\$ -	\$ -	\$ 10,718,616
Contributions	4,395,418	500,000	700	4,896,118
Foundation grants	10,000	133,000	-	143,000
Publication sales	20,695	-	-	20,695
Investment income	167,835	-	-	167,835
Net realized and unrealized gains (losses) on investments	103,675	-	-	103,675
Royalty income	450,627	-	-	450,627
Other income	96,224	-	-	96,224
Net assets released from restrictions:				
Satisfaction of program restrictions	769,755	(769,755)	-	-
Total Support and Revenue	<u>\$ 16,732,845</u>	<u>\$ (136,755)</u>	<u>\$ 700</u>	<u>\$ 16,596,790</u>
EXPENSES:				
Program Services:				
Public education	\$ 3,020,254	\$ -	\$ -	\$ 3,020,254
Nutrition Action Healthletter	6,739,308	-	-	6,739,308
Special projects	3,537,450	-	-	3,537,450
Total Program Services	<u>\$ 13,297,012</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,297,012</u>
Supporting Services:				
Membership development	\$ 1,040,984	\$ -	\$ -	\$ 1,040,984
Management and general	422,001	-	-	422,001
Fund-raising	437,707	-	-	437,707
Total Supporting Services	<u>\$ 1,900,692</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,900,692</u>
Total Expenses	<u>\$ 15,197,704</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,197,704</u>
CHANGE IN NET ASSETS	\$ 1,535,141	\$ (136,755)	\$ 700	\$ 1,399,086
FOREIGN CURRENCY TRANSLATION ADJUSTMENT FROM CANADIAN OPERATIONS				
	48,962	-	-	48,962
NET ASSETS, BEGINNING OF YEAR	<u>7,829,698</u>	<u>320,749</u>	<u>360,159</u>	<u>8,510,606</u>
NET ASSETS, END OF YEAR	<u><u>\$ 9,413,801</u></u>	<u><u>\$ 183,994</u></u>	<u><u>\$ 360,859</u></u>	<u><u>\$ 9,958,654</u></u>

The accompanying notes are an integral part of these statements.

2009

<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
\$ 9,951,662	\$ -	\$ -	\$ 9,951,662
4,247,555	55,000	-	4,302,555
72,500	345,579	-	418,079
2,426	-	-	2,426
316,994	-	-	316,994
(1,693,835)	-	-	(1,693,835)
536,655	-	-	536,655
841,432	-	-	841,432
1,324,657	(1,324,657)	-	-
<u>\$ 15,600,046</u>	<u>\$ (924,078)</u>	<u>\$ -</u>	<u>\$ 14,675,968</u>
\$ 3,014,219	\$ -	\$ -	\$ 3,014,219
7,151,901	-	-	7,151,901
4,883,914	-	-	4,883,914
<u>\$ 15,050,034</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,050,034</u>
\$ 979,871	\$ -	\$ -	\$ 979,871
356,538	-	-	356,538
432,053	-	-	432,053
<u>\$ 1,768,462</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,768,462</u>
<u>\$ 16,818,496</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,818,496</u>
\$ (1,218,450)	\$ (924,078)	\$ -	\$ (2,142,528)
(62,090)	-	-	(62,090)
9,110,238	1,244,827	360,159	10,715,224
<u>\$ 7,829,698</u>	<u>\$ 320,749</u>	<u>\$ 360,159</u>	<u>\$ 8,510,606</u>

CENTER FOR SCIENCE IN THE PUBLIC INTEREST

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2010

(With Comparative Totals for 2009)

	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	2010 Total Expenses	2009 Total Expenses
\$ 72,351	\$ 128,949	\$ 116,300	\$ 317,600	\$ 3,930,398	\$ 4,806,845
4,655	9,234	8,080	21,969	266,729	326,154
8,525	16,203	13,265	37,993	438,143	465,429
\$ 85,531	\$ 154,386	\$ 137,645	\$ 377,562	\$ 4,635,270	\$ 5,598,428
-	116	-	116	10,369	10,499
240	1,695	3,149	5,084	84,385	288,122
1,448	13,887	5,966	21,301	386,681	515,366
-	-	-	-	321,251	343,195
349	5,458	757	6,564	34,141	43,868
1,099	(25,273)	2,379	(21,795)	69,626	67,262
94,483	-	2,316	96,799	311,595	430,336
24,173	125,151	47,730	197,054	739,764	761,953
1,230	121,293	5,070	127,593	688,519	748,229
602,520	1,215	174,662	778,397	5,510,062	5,343,141
229,171	70	56,579	285,820	2,222,933	2,492,901
146	15,729	249	16,124	32,027	39,681
594	8,274	1,205	10,073	151,081	135,515
<u>\$ 1,040,984</u>	<u>\$ 422,001</u>	<u>\$ 437,707</u>	<u>\$ 1,900,692</u>	<u>\$ 15,197,704</u>	<u>\$ 16,818,496</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	11,812	425,221	182,205	619,238
Postage and mailing	1,507,351	3,070,940	64,331	4,642,622
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	5,340	128,991	748,229
523,871	817	175,831	700,519	5,343,141
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
\$ 979,871	\$ 356,538	\$ 432,053	\$ 1,768,462	\$ 16,818,496

CENTER FOR SCIENCE IN THE PUBLIC INTEREST

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 1,399,086	\$ (2,142,528)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation and amortization	\$ 34,141	\$ 43,868
Realized and unrealized (gains) losses on investments	(103,675)	1,693,835
Gain/loss on disposal of property and equipment	-	2,835
Foreign currency translation adjustment from Canadian operations	48,962	(62,090)
(Increase) Decrease in Assets:		
Accounts receivable - trade	(13,897)	23,774
Grants and contributions receivable	(46,352)	(105,998)
List rent receivable	65,065	(53,961)
Other receivables	(14,547)	4,223
Direct mail supplies	(215,833)	181,899
Prepaid expenses	90,653	193,917
Office lease security deposit	(62,794)	-
Increase (Decrease) in Liabilities:		
Accounts payable	13,804	5,683
Accrued payroll and leave	131,456	(5,043)
Deferred rent	(8,028)	(8,028)
Charitable gift annuity liability	(1,969)	28,803
Total Adjustments	\$ (83,014)	\$ 1,943,717
Net Cash Provided (Used) by Operating Activities	\$ 1,316,072	\$ (198,811)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Furniture and equipment purchases	\$ (4,864)	\$ (7,665)
Investment sales	2,405,683	5,567,425
Investment purchases	(5,988,920)	(1,452,994)
Net Cash Provided (Used) by Investing Activities	\$ (3,588,101)	\$ 4,106,766
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ (2,272,029)	\$ 3,907,955
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	4,678,930	770,975
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 2,406,901	\$ 4,678,930

The accompanying notes are an integral part of these statements.

CENTER FOR SCIENCE IN THE PUBLIC INTEREST

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010 AND 2009

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. 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 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.

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.

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.

CENTER FOR SCIENCE IN THE PUBLIC INTEREST

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010 AND 2009

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

Income Taxes: (Concluded)

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 grant receivables are due in less than one year at June 30, 2010 and 2009, 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, 2010 and 2009.

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.

CENTER FOR SCIENCE IN THE PUBLIC INTEREST

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010 AND 2009

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

Recent Accounting Pronouncements: (Concluded)

FASB ASC 855, Subsequent Events, was issued in May 2009. FASB ASC 855 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 FASB ASC 855 during the year ended June 30, 2009.

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, 2010 AND 2009

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, 2010 and 2009:

<u>Description</u>	<u>2010</u>	<u>2009</u>
Cash on hand	\$ 1,332	\$ 1,332
Cash in banks	2,063,020	902,308
Money market funds	<u>342,549</u>	<u>3,775,290</u>
Total	<u>\$ 2,406,901</u>	<u>\$ 4,678,930</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>2010</u>	<u>2009</u>
Unrestricted	\$ 1,862,048	\$ 3,998,022
Temporarily restricted	183,994	320,749
Permanently restricted	<u>360,859</u>	<u>360,159</u>
Total	<u>\$ 2,406,901</u>	<u>\$ 4,678,930</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, 2010 AND 2009

Note 4. Temporarily Restricted Net Assets (Continued)

Temporarily restricted net assets and the amounts that were released from restriction at June 30, 2010 and 2009 were comprised of the following programs:

<u>Purpose</u>	<u>Donor</u>	<u>Balance</u> <u>06/30/09</u>	<u>Revenue/</u> <u>Contributions</u>	<u>Released</u>	<u>Balance</u> <u>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>

<u>Purpose</u>	<u>Donor</u>	<u>Balance</u> <u>06/30/08</u>	<u>Revenue/</u> <u>Contributions</u>	<u>Released</u>	<u>Balance</u> <u>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. Waletzky	-	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 Thornton 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, 2010 AND 2009

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, 2010 and 2009 are as follows:

	Permanently Restricted
Endowment net assets, June 30, 2008	\$ 360,159
Contributions	-
Endowment net assets, June 30, 2009	\$ 360,159
Contributions	700
Endowment net assets, June 30, 2010	\$ 360,859

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 based on most recent bid prices. Investments consisted of the following at June 30:

	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

CENTER FOR SCIENCE IN THE PUBLIC INTEREST

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010 AND 2009

Note 6. Investments (Concluded)

		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

Investment return is summarized as follows:

	2010	2009
Interest and dividends	\$ 167,835	\$ 316,994
Net realized and unrealized gains (losses) on investments	103,675	(1,693,835)
Total Unrestricted Investment Income (Loss)	\$ 271,510	\$ (1,376,841)

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 commences 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.

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. Rent will be approximately \$655 U.S. dollars per month.

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, 2010 AND 2009

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.

At June 30, 2010, the future minimum lease commitments are as follows:

Year Ending	
<u>June 30,</u>	
2011	\$ 535,208
2012	775,246
2013	791,193
2014	781,207
2015	784,035
Thereafter	<u>5,619,853</u>
Total Minimum Lease Commitments	<u>\$ 9,286,742</u>

Rental expense for the years ended June 30, 2010 and 2009 was approximately \$740,000 and \$760,000, respectively.

Note 8. Allocation of Joint Costs

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, 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, 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. Additionally, 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.

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 \$169,720 and \$105,795 under its supplementary retirement benefit plan during the fiscal years ended June 30, 2010 and 2009, 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, 2010 AND 2009

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 2010 and 2009, 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 2010 and 2009 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, 2010 and 2009, the estimated charitable gift annuity liability totaled \$67,639 and \$69,608, respectively.

Note 14. Subsequent Events

CSPI has evaluated events through November 12, 2010, the date the financial statements were available to be issued, and determined that there were no events occurring subsequent to June 30, 2010 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.