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CENTER FOR SCIENCE IN THE PUBLIC INTEREST
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
JUNE 30, 2021 AND 2020

MATTHEWS, CARTER & BOYCE
RESPECT. CONFIDENCE. TRUST.

CENTER FOR SCIENCE IN THE PUBLIC INTEREST

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MATTHEWS, CARTER & BOYCE
CPAs • ADVISORS

Independent Auditors' Report

To the Board of Directors of
Center for Science in the Public Interest
Washington, DC

We have audited the accompanying financial statements of Center for Science in the Public Interest, which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Center for Science in the Public Interest as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Fairfax, Virginia
February 28, 2022

CENTER FOR SCIENCE IN THE PUBLIC INTEREST

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2021 AND 2020

ASSETS	2021	2020	LIABILITIES AND NET ASSETS	2021	2020
CURRENT ASSETS:			CURRENT LIABILITIES:		
Cash and cash equivalents	\$ 6,218,371	8,282,827	Accounts payable	\$ 233,129	\$ 385,858
Investments - current portion:			Accrued payroll and leave	940,967	829,806
Certificates of deposit	1,060,457	422,826	Subgrant liability	1,099,776	-
U.S. agency securities	1,510,106	99,993	Current portion of deferred rent	-	207,518
Accounts receivable - trade, net	54,315	22,299	Current portion of charitable gift annuity liability	20,970	21,126
Grants, bequests and contributions receivable	76,577	6,230,304	<u>Total Current Liabilities</u>	<u>\$ 2,294,842</u>	<u>\$ 1,444,308</u>
List rent receivable, net	47,362	42,260	OTHER LIABILITIES:		
Other receivables	697	10,452	Deferred membership dues	\$ 2,764,731	\$ 2,894,169
Direct mail supplies	120,506	254,363	Deferred rent, net of current portion	129,884	129,884
Prepaid expenses	159,218	155,283	Deferred compensation liabilities	746,819	665,973
<u>Total Current Assets</u>	<u>\$ 9,247,609</u>	<u>\$ 15,520,607</u>	Paycheck Protection Program loan payable	-	668,732
			Sublease deposit	7,002	7,002
			Charitable gift annuity liability, net of current portion	122,793	130,679
			<u>Total Other Liabilities</u>	<u>\$ 3,771,229</u>	<u>\$ 4,496,439</u>
INVESTMENTS, LONG-TERM:			TOTAL LIABILITIES	<u>\$ 6,066,071</u>	<u>\$ 5,940,747</u>
U.S. agency securities	\$ 146,508	\$ 460,784			
Mutual funds	5,687,876	4,300,237	NET ASSETS:		
Money market fund	52,974	56,254	Without donor restrictions:		
Stock	1,307	1,052	Operating	\$ 7,123,124	\$ 5,104,206
Certificates of deposit	5,583,502	4,860,049	Board-designated reserve fund	1,000,000	1,000,000
<u>Total Investments, Long-Term</u>	<u>\$ 11,472,167</u>	<u>\$ 9,678,376</u>	Foreign currency translation adjustment from Canadian operations	850,052	847,886
			<u>Total Without Donor Restriction</u>	<u>\$ 8,973,176</u>	<u>\$ 6,952,092</u>
PROPERTY AND EQUIPMENT, AT COST:			With donor restrictions	6,593,745	13,187,074
Furniture and equipment	\$ 270,802	\$ 270,802	<u>Total Net Assets</u>	<u>\$ 15,566,921</u>	<u>\$ 20,139,166</u>
Leasehold improvements	1,223,706	1,223,706			
Less, accumulated depreciation	(1,494,508)	(1,451,299)	TOTAL LIABILITIES AND NET ASSETS	<u>\$ 21,632,992</u>	<u>\$ 26,079,913</u>
<u>Property and Equipment - Net</u>	<u>\$ -</u>	<u>\$ 43,209</u>			
OTHER ASSETS:					
Deposits	\$ 166,397	\$ 171,748			
Deferred compensation assets	746,819	665,973			
<u>Total Other Assets</u>	<u>\$ 913,216</u>	<u>\$ 837,721</u>			
TOTAL ASSETS	<u>\$ 21,632,992</u>	<u>\$ 26,079,913</u>			

The accompanying notes are an integral part of these statements.

CENTER FOR SCIENCE IN THE PUBLIC INTEREST
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:						
Membership dues	\$ 4,838,528	\$ -	\$ 4,838,528	\$ 4,871,408	\$ -	\$ 4,871,408
Contributions	5,689,942	-	5,689,942	5,778,241	-	5,778,241
Foundation grants	624,732	1,570,469	2,195,201	274,607	12,931,664	13,206,271
Publication sales	171,087	-	171,087	122,908	-	122,908
Investment interest and dividends	166,060	-	166,060	196,192	-	196,192
Net realized and unrealized gains on investments	1,640,856	-	1,640,856	661,746	-	661,746
Royalty income	234,681	-	234,681	285,253	-	285,253
Litigation income	103,000	-	103,000	239,157	-	239,157
Other income	192,125	-	192,125	174,527	-	174,527
Net assets released from restrictions:						
Satisfaction of program restrictions	8,163,798	(8,163,798)	-	2,743,911	(2,743,911)	-
Total Support and Revenue	<u>\$ 21,824,809</u>	<u>\$ (6,593,329)</u>	<u>\$ 15,231,480</u>	<u>\$ 15,347,950</u>	<u>\$ 10,187,753</u>	<u>\$ 25,535,703</u>
EXPENSES:						
Program Services:						
Public education	\$ 3,366,552	\$ -	\$ 3,366,552	\$ 3,257,865	\$ -	\$ 3,257,865
Nutrition Action Healthletter	3,171,402	-	3,171,402	3,393,992	-	3,393,992
Special projects	10,431,759	-	10,431,759	4,545,757	-	4,545,757
Total Program Services	<u>\$ 16,969,713</u>	<u>\$ -</u>	<u>\$ 16,969,713</u>	<u>\$ 11,197,614</u>	<u>\$ -</u>	<u>\$ 11,197,614</u>
Supporting Services:						
Membership development	\$ 1,578,751	\$ -	\$ 1,578,751	\$ 1,276,743	\$ -	\$ 1,276,743
Management and general	194,226	-	194,226	306,925	-	306,925
Fundraising	1,063,201	-	1,063,201	1,241,300	-	1,241,300
Total Supporting Services	<u>\$ 2,836,178</u>	<u>\$ -</u>	<u>\$ 2,836,178</u>	<u>\$ 2,824,968</u>	<u>\$ -</u>	<u>\$ 2,824,968</u>
Total Expenses	<u>\$ 19,805,891</u>	<u>\$ -</u>	<u>\$ 19,805,891</u>	<u>\$ 14,022,582</u>	<u>\$ -</u>	<u>\$ 14,022,582</u>
CHANGE IN NET ASSETS	\$ 2,018,918	\$ (6,593,329)	\$ (4,574,411)	\$ 1,325,368	\$ 10,187,753	\$ 11,513,121
FOREIGN CURRENCY TRANSLATION ADJUSTMENT FROM CANADIAN OPERATIONS	2,166	-	2,166	(851)	-	(851)
NET ASSETS, BEGINNING OF YEAR, AS PREVIOUSLY STATED	6,952,092	13,187,074	20,139,166	8,521,744	2,999,321	11,521,065
Cumulative adjustment for change in accounting principle	-	-	-	(4,169,943)	-	(4,169,943)
Prior period adjustment	-	-	-	1,275,774	-	1,275,774
NET ASSETS, AS RESTATED	<u>\$ 6,952,092</u>	<u>\$ 13,187,074</u>	<u>\$ 20,139,166</u>	<u>\$ 5,627,575</u>	<u>\$ 2,999,321</u>	<u>\$ 8,626,896</u>
NET ASSETS, END OF YEAR	<u>\$ 8,973,176</u>	<u>\$ 6,593,745</u>	<u>\$ 15,566,921</u>	<u>\$ 6,952,092</u>	<u>\$ 13,187,074</u>	<u>\$ 20,139,166</u>

The accompanying notes are an integral part of these statements.

CENTER FOR SCIENCE IN THE PUBLIC INTEREST

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2021

	Program Services				Supporting Services				Total Expenses
	Public Education	Nutrition Action Health-letter	Special Projects	Total	Membership Development	Management and General	Fund-raising	Total	
Salaries	\$ 618,008	\$ 609,869	\$ 4,615,635	\$ 5,843,512	\$ 108,231	\$ 47,770	\$ 293,949	\$ 449,950	\$ 6,293,462
Payroll taxes	44,958	44,035	322,565	411,558	7,650	3,061	20,844	31,555	443,113
Employee benefits	71,968	56,374	414,346	542,688	15,079	7,068	30,804	52,951	595,639
Total Salaries and Related Expenses	\$ 734,934	\$ 710,278	\$ 5,352,546	\$ 6,797,758	\$ 130,960	\$ 57,899	\$ 345,597	\$ 534,456	\$ 7,332,214
Advertising/media campaigns	-	-	57,147	57,147	127	-	-	127	57,274
Conferences and travel	1,074	3,066	99,665	103,805	969	1,837	4,285	7,091	110,896
Consultants, professionals and temporary services	197,672	110,091	881,757	1,189,520	390,072	14,899	124,649	529,620	1,719,140
Data processing	3,031	459,321	-	462,352	-	13,492	3,589	17,081	479,433
Depreciation and amortization	-	5,194	29,118	34,312	1,110	3,807	3,980	8,897	43,209
Equipment rental and maintenance	-	29,578	190,588	220,166	6,323	21,537	40,170	68,030	288,196
Mail list costs	335,917	-	3,628	339,545	251,133	-	24,216	275,349	614,894
Occupancy	20,523	58,679	444,095	523,297	16,931	58,067	60,704	135,702	658,999
Other expenses	1,796	84,149	173,540	259,485	4,056	18,636	23,972	46,664	306,149
Postage and mailing	1,335,849	940,317	3,025	2,279,191	486,546	392	286,638	773,576	3,052,767
Printing and publications	733,769	754,150	3,305	1,491,224	287,463	422	133,360	421,245	1,912,469
Subgrants	-	-	3,095,745	3,095,745	-	-	-	-	3,095,745
Supplies	-	3,763	8,511	12,274	321	(9,742)	1,288	(8,133)	4,141
Telephone, internet and network support	1,987	12,816	89,089	103,892	2,740	12,980	10,753	26,473	130,365
Totals	<u>\$ 3,366,552</u>	<u>\$ 3,171,402</u>	<u>\$ 10,431,759</u>	<u>\$ 16,969,713</u>	<u>\$ 1,578,751</u>	<u>\$ 194,226</u>	<u>\$ 1,063,201</u>	<u>\$ 2,836,178</u>	<u>\$ 19,805,891</u>

The accompanying notes are an integral part of these statements.

CENTER FOR SCIENCE IN THE PUBLIC INTEREST

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2020

	<u>Program Services</u>				<u>Supporting Services</u>				<u>Total Expenses</u>
	<u>Public Education</u>	<u>Nutrition Action Health-letter</u>	<u>Special Projects</u>	<u>Total</u>	<u>Membership Development</u>	<u>Management and General</u>	<u>Fund-raising</u>	<u>Total</u>	
Salaries	\$ 583,438	\$ 624,270	\$ 2,730,358	\$ 3,938,066	\$ 112,757	\$ 69,482	\$ 319,746	\$ 501,985	\$ 4,440,051
Payroll taxes	42,260	45,808	199,502	287,570	8,158	5,949	23,571	37,678	325,248
Employee benefits	74,362	56,617	272,985	403,964	17,421	11,818	36,306	65,545	469,509
Total Salaries and Related Expenses	\$ 700,060	\$ 726,695	\$ 3,202,845	\$ 4,629,600	\$ 138,336	\$ 87,249	\$ 379,623	\$ 605,208	\$ 5,234,808
Advertising/media campaigns	-	-	44,923	44,923	479	-	-	479	45,402
Conferences and travel	525	2,922	54,723	58,170	410	225	2,626	3,261	61,431
Consultants, professionals and temporary services	141,673	118,779	360,986	621,438	119,298	27,827	123,232	270,357	891,795
Data processing	5,067	452,182	-	457,249	-	-	8,878	8,878	466,127
Depreciation and amortization	-	21,596	69,969	91,565	4,616	16,604	15,821	37,041	128,606
Equipment rental and maintenance	-	64,065	246,619	310,684	13,694	48,570	46,935	109,199	419,883
Mail list costs	282,432	-	-	282,432	209,648	-	24,388	234,036	516,468
Occupancy	29,480	84,252	368,491	482,223	24,310	87,445	83,322	195,077	677,300
Other expenses	1,610	89,117	133,460	224,187	5,467	24,949	33,912	64,328	288,515
Postage and mailing	1,351,421	997,885	992	2,350,298	485,722	384	318,416	804,522	3,154,820
Printing and publications	745,597	818,550	635	1,564,782	269,639	94	188,790	458,523	2,023,305
Supplies	-	534	2,803	3,337	105	129	765	999	4,336
Telephone, internet and network support	-	17,415	59,311	76,726	5,019	13,449	14,592	33,060	109,786
Totals	\$ 3,257,865	\$ 3,393,992	\$ 4,545,757	\$ 11,197,614	\$ 1,276,743	\$ 306,925	\$ 1,241,300	\$ 2,824,968	\$ 14,022,582

The accompanying notes are an integral part of this statement.

CENTER FOR SCIENCE IN THE PUBLIC INTEREST

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
CASH FLOWS - OPERATING ACTIVITIES:		
Change in net assets	\$ (4,574,411)	\$ 11,513,121
Adjustments to reconcile change in net assets to net cash flows - operating activities:		
Depreciation and amortization	\$ 43,209	\$ 128,606
Cumulative adjustment for change in accounting principle including prior period adjustment	-	(2,894,169)
Forgiveness of Payroll Protection Program loan	(668,732)	-
Realized and unrealized gains on investments	(1,640,856)	(661,746)
Foreign currency translation adjustment from Canadian operations	2,166	(851)
(Increase) Decrease in Assets:		
Accounts receivable - trade	(32,016)	27,867
Grants, bequests and contributions receivable	6,153,727	(5,187,646)
List rent receivable	(5,102)	4,900
Other receivables	9,755	(1,689)
Direct mail supplies	133,857	(54,697)
Prepaid expenses	(3,935)	(22,015)
Deposits	5,351	(58,963)
Deferred compensation assets	(80,846)	(43,692)
Increase (Decrease) in Liabilities:		
Accounts payable	(152,729)	119,573
Accrued payroll and leave	111,161	154,045
Subgrant liabilities	1,099,776	-
Deferred membership dues	(129,438)	2,894,169
Deferred rent	(207,518)	(188,039)
Deferred compensation liabilities	80,846	43,692
Charitable gift annuity liability	(8,042)	7,821
Total Adjustments	\$ 4,710,634	\$ (5,732,834)
Net Cash Flows - Operating Activities	\$ 136,223	\$ 5,780,287
CASH FLOWS - INVESTING ACTIVITIES:		
Investment sales	\$ 210,357	\$ 610,744
Investment purchases	(2,411,036)	(772,301)
Net Cash Flows - Investing Activities	\$ (2,200,679)	\$ (161,557)
CASH FLOWS - FINANCING ACTIVITIES:		
Advance on Paycheck Protection Program loan payable	\$ -	\$ 668,732
Net Cash Flows - Financing Activities	\$ -	\$ 668,732
NET CHANGE IN CASH AND CASH EQUIVALENTS	\$ (2,064,456)	\$ 6,287,462
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	8,282,827	1,995,365
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 6,218,371	\$ 8,282,827
NON-CASH INVESTING AND FINANCING ACTIVITY		
Forgiveness of Payroll Protection Program loan	\$ 668,732	\$ -

The accompanying notes are an integral part of these statements.

CENTER FOR SCIENCE IN THE PUBLIC INTEREST

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

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 that seeks to provide useful, objective information to the public and to conduct research on nutrition, food safety, health, the environment, and other issues; to represent the citizens' interests before legislative, regulatory, and judicial bodies on nutrition, food safety, health, the environment, other issues; to ensure that advances in science are used for the public's good.

Basis of Accounting:

The financial statements of CSPI are prepared on the accrual basis of accounting.

Revenue recognition:

CSPI follows the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 606 Revenue from Contracts with Customers and FASB Accounting Standards Updated 2018-08 , Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made when recording its revenue from the various sources as further described below:

Contributions and grants

CSPI recognizes contributions and grants when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met. Contributions and grants are recorded as support with or without donor restrictions, depending upon the existence and/or nature of any donor restrictions. For contributions with donor restrictions, amounts are reclassified as net assets without donor restrictions when the time restriction expires or when the purpose restriction is satisfied.

Membership dues

Membership dues, which are nonrefundable, are considered to be exchange transactions based on the value of benefits provided. CSPI recognizes the membership dues over the membership period.

Publications

Revenue from publication sales are recognized when the publications are delivered to the customer.

Royalties

Royalties are generally received from the sale of member mailing lists and royalty income is recognized at the time of the sale.

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 Statement of Activities and Changes in Net Assets.

CENTER FOR SCIENCE IN THE PUBLIC INTEREST

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

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

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 individual expenditures for property and equipment in excess of \$3,000. Depreciation expense is provided on a straight-line basis over the estimated useful lives (3-10 years) of the assets.

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

Deferred Rent:

Deferred rent (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.

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 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.

CSPI files its information returns for federal reporting purposes. CSPI is not under audit by any tax jurisdiction.

Advertising Costs:

Advertising costs are charged to operations when advertising first takes place.

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 on the basis of estimates of time and effort.

CENTER FOR SCIENCE IN THE PUBLIC INTEREST

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

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

Grants Receivable:

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, discounted using risk-free interest rates applicable to the years in which the promises are received. No discount was recorded in 2021 and 2020 as the amounts were not material. All grants are considered collectible at June 30, 2021 and 2020.

Accounts Receivable and List Rental Receivable:

Accounts receivable and list rental 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, 2021 and 2020 for both list rental and accounts receivable.

Recent Accounting Pronouncements:

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 606, Revenue from Contracts with Customers, as amended, supersedes or replaces nearly all GAAP revenue recognition guidance. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expand disclosures about revenue. The Organization adopted ASC 606 in fiscal year 2020. Adoption of the new standard resulted in a change to timing of revenue recognition for the Organization's membership dues. The amendments were applied on a modified retrospective basis and a cumulative adjustment was made to the opening net assets in 2020. Prior to the adoption of ASC 606, the Organization recognized membership dues as contribution revenue when collected. Subsequent to the adoption of ASC 606, the Organization recognized membership dues revenue ratably over the membership period as membership benefits were delivered. As a result of the transition to ASC 606 and the prior period adjustment further described in Note 17, revenue of \$2,894,169 that had been recognized prior to fiscal year 2020, was reversed resulting in a cumulative transition adjustment that reduced opening net assets in 2020 and increased deferred membership dues by \$2,894,169.

In June 2018, FASB issued ASU 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. The Organization adopted the provisions of ASU 2018-08 in 2020 applicable to both grants and contributions received and to grants and contributions made in fiscal year 2020. There was no effect on net assets in connection with the implementation of ASU 2018-08.

CENTER FOR SCIENCE IN THE PUBLIC INTEREST

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

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

Recent Accounting Pronouncements (Concluded):

In March 2018, the FASB issued ASU No. 2016-02, Leases. The main difference between the provisions of ASU No. 2016-02 and previous U.S. GAAP is the recognition of right-of-use assets and lease liabilities by lessees for those leases classified as operating leases under previous U.S. GAAP. ASU No. 2016-02 retains a distinction between finance leases and operating leases, and the recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee have not significantly changed from previous U.S. GAAP. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election, by class of underlying asset, not to recognize right-of-use assets and lease liabilities. The accounting applied by a lessor is largely unchanged from that applied under previous U.S. GAAP. In transition, lessees and lessors are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. This ASU is effective for all entities, for fiscal years beginning after December 15, 2021. Early adoption is permitted. CSPI is currently evaluating the impact this standard will have on its financial statements

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, articles, and pamphlets to the public; sponsorship of conferences and websites; media interviews.

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. Circulation as of June 30, 2021 and 2020 was approximately 420,000 and 440,000, respectively, in the U.S.

Special Projects include efforts to:

- provide public information on nutrition and diet, provide consumer input on nutrition and food safety laws and regulations, investigate the accuracy of food and beverage advertising and labeling, promote healthier menu items in restaurants;
- promote increased production and availability of food that is free of unsafe ingredients 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 ordinary contamination with microbes through increased appropriations for inspections of imported and domestic foods and food manufacturing facilities; promotion of policies intended to reduce anti-microbial resistance;
- improve the diet of children by promoting more nutritious school food through publications, seminars, and public policy efforts; encourage food producers to improve the nutrient content of the products sold in schools and restaurants; and discourage the advertising of unhealthy foods to children;

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

Note 2. Description of Programs (Concluded)

- 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 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 counsel developing nations on the regulation and use of appropriate genetically engineered crops;
- 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; reduce consumption of sodium to healthy levels;
- promote changes in the American food supply and in food policies through the litigation process;
- improve the public's ability to make informed decisions about nutrition through, for example, nutrition facts, labels and menu labeling.

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 consist of the following balances at June 30, 2021 and 2020:

Description	2021	2020
Cash on hand	\$ 995	\$ 995
Cash in banks	6,200,496	8,270,295
Money market funds	16,880	11,537
Total	<u>\$ 6,218,371</u>	<u>\$ 8,282,827</u>

Note 4. Information Regarding Liquidity and Availability

CSPI strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures. Financial assets in excess of daily cash requirements are invested in certificates of deposit and other short-term investments.

The following table reflects CSPI's financial assets as of June 30, 2021 and 2020, reduced by the amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contractual restrictions or internal board designations. In the event the need arises to utilize the board-designated funds for liquidity purposes, the reserves could be drawn upon through board resolution. Long-term investments are publicly traded and could be exchanged for cash if necessary.

	2021	2020
Cash and cash equivalents	\$ 6,218,371	\$ 8,282,827
Investments	14,042,730	10,201,195
Accounts receivable and other receivables	102,374	75,011
Total financial assets	20,363,475	18,559,033
Net assets with donor restrictions	(6,593,745)	(13,187,074)
Board-designated reserve fund	<u>(1,000,000)</u>	<u>(1,000,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 12,769,730</u>	<u>\$ 4,371,959</u>

CENTER FOR SCIENCE IN THE PUBLIC INTEREST

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

Note 5. Net Assets with Donor Restrictions

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 net assets with donor restrictions. If the restriction is fulfilled in the same time period in which the contribution is received, it may be classified as an increase in net assets without donor restrictions; however, CSPI will generally report these amounts initially as an increase in net assets with donor restrictions and show their release to net assets without donor restrictions when the restrictions are satisfied.

Net assets with donor restrictions at June 30, 2021 and 2020 were comprised of the following programs:

Purpose	Donor	Balance 06/30/20	Revenue/ Contributions	Released	Balance 06/30/21
Antibiotic Effectiveness	Davee Foundation	\$ 56,667	\$ -	\$ (56,667)	\$ -
COVID-19	Simon Family Foundation	35,000	-	(35,000)	-
Dietary Guidelines	Sarah Murray	-	20,095	(16,746)	3,349
Digital Strategy	Suzanne & Lawrence Hess	-	148,747	(19,530)	129,217
Food Additives	Flora L Thornton Foundation	13,333	-	(13,333)	-
Food Additives	Park Foundation	-	15,000	(15,000)	-
Food Additives	Passport Foundation	-	100,000	(75,000)	25,000
Food Additives/Supplements	John Sperling Foundation	250,000	300,000	(220,000)	330,000
Food Banks	Johns Hopkins Lerner Center	38,485	-	(38,485)	-
Food Banks	RWJF HER	40,730	-	(40,730)	-
Food Banks	From Now on Fund/Tides Foundation	-	58,558	(58,558)	-
Food Service Guidelines in NY State	American Heart Association	16,712	-	(16,712)	-
Food Service Guidelines in Correctional Facilities	American Heart Association	15,000	-	(15,000)	-
Food Service Guidelines In NY State	Lucy R Waletzky, M.D.	-	15,000	(15,000)	-
Healthy Checkout	Michael & Susan Dell Foundation	96,000	-	(26,000)	70,000
Healthy Retail	Johnson Family Foundation	4,167	10,000	(10,000)	4,167
Litigation	Anonymous	192,500	-	(192,500)	-
Poppy Seeds	Steve & Betty Hacala	-	96,627	(36,235)	60,392
Pouring Rights	From Now On Fund/Tides Foundation	-	20,000	(11,000)	9,000
Public Health Advocacy Fellowship	CECHE	4,167	50,000	(50,000)	4,167
Sesame	Christine & Robert Small	10,000	25,000	(16,250)	18,750
School Foods	From Now On Fund/Tides Foundation	-	32,519	(16,079)	16,440
School Foods	Simon Family Foundation	-	40,000	-	40,000
School Foods	American Heart Association	20,500	-	(20,500)	-
Science Initiative	Harvey Motulsky & Lisa Norton Fund	-	250,000	-	250,000
SNAP Pilot Program	From Now On Fund/Tides Foundation	-	28,923	(8,923)	20,000
Coordinated Food Policy Campaigns	Bloomberg Family Foundation, Inc.	9,630,205	-	(6,265,423)	3,364,782
Adoption of Obesity Prevention Policies	Fernwood Group Fund	1,324,444	-	(621,794)	702,650
Warning Labels	Saperstein Family Fund	8,333	-	(8,333)	-
Time Restriction	The John Sperling Foundation	50,000	-	(50,000)	-
Training DEI	Fore River Foundation	-	60,000	-	60,000
Rhode Island Campaign	Michael R. Bloomberg	-	300,000	(195,000)	105,000
Endowment Funds	Various/Davee Foundation	1,380,831	-	-	1,380,831
		<u>\$ 13,187,074</u>	<u>\$ 1,570,469</u>	<u>\$ (8,163,798)</u>	<u>\$6,593,745</u>

CENTER FOR SCIENCE IN THE PUBLIC INTEREST

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

Note 5. Net Assets with Donor Restrictions (Concluded)

Purpose	Donor	Balance 06/30/19	Revenue/ Contributions	Released	Balance 06/30/20
Antibiotic Effectiveness	Davee Foundation	\$ 100,000	\$ -	\$ (43,333)	\$ 56,667
COVID-19	Simon Family Foundation	-	35,000	-	35,000
Dietary Guidelines	The John Sperling Foundation	66,000	-	(66,000)	-
Dietary Guidelines	The Denver Foundation	50,000	-	(50,000)	-
Food Additives	Flora L Thornton Foundation	13,333	40,000	(40,000)	13,333
Food Additives	Park Foundation	11,250	-	(11,250)	-
Food Additives	Passport Foundation	41,667	-	(41,667)	-
Food Additives/Supplements	John Sperling Foundation	-	250,000	-	250,000
Food Banks	Johns Hopkins Lerner Center	-	51,313	(12,828)	38,485
Food Banks	RWJF HER	-	54,306	(13,576)	40,730
Food Service Guidelines in NY State	American Heart Association	-	50,135	(33,423)	16,712
Food Service Guidelines in Correctional Facilities	American Heart Association	-	30,000	(15,000)	15,000
Food Service Guidelines	Special Olympics Int'l.	6,667	-	(6,667)	-
Healthy Checkout	Suzanne & Lawrence Hess	-	150,410	(150,410)	-
Healthy Checkout	Michael & Susan Dell Foundation	288,000	-	(192,000)	96,000
Healthy Retail	Johnson Family Foundation	4,167	10,000	(10,000)	4,167
Litigation	Anonymous	192,500	-	-	192,500
Additives	The John Sperling Foundation	184,000	-	(184,000)	-
Public Health Advocacy Fellowship	CECHE	4,167	50,000	(50,000)	4,167
Sesame	Christine & Robert Small	6,667	15,000	(11,667)	10,000
School Foods	From Now On Fund/Tides Foundation	40,000	-	(40,000)	-
School Foods	Let's Go Maine	-	20,000	(20,000)	-
School Foods	American Heart Association	-	85,500	(65,000)	20,500
SNAP Pilot Program	From Now On Fund/Tides Foundation	80,000	-	(80,000)	-
SNAP Pilot Program	Clay Kirk	-	10,000	(10,000)	-
SNAP Pilot Program	Harkin Institute	10,072	-	(10,072)	-
SNAP Pilot Program	Boston Foundation	40,000	-	(40,000)	-
SNAP Pilot Program	Simon Family Foundation	35,000	-	(35,000)	-
Sugary Drinks, Trans Fat & Sodium	Bloomberg Philanthropies	250,000	-	(250,000)	-
Coordinated Food Policy Campaigns	Bloomberg Family Foundation, Inc.	-	10,555,000	(924,795)	9,630,205
Adoption of Obesity Prevention Policies	Fernwood Group Fund	-	1,445,000	(120,556)	1,324,444
Warning Labels	Saperstein Family Fund	-	25,000	(16,667)	8,333
Time Restriction	Laura and John Arnold	200,000	-	(200,000)	-
Time Restriction	The John Sperling Foundation	-	50,000	-	50,000
Endowment Funds	Various/Davee Foundation	1,375,831	5,000	-	1,380,831
		<u>\$ 2,999,321</u>	<u>\$ 12,931,664</u>	<u>\$ (2,743,911)</u>	<u>\$13,187,074</u>

CENTER FOR SCIENCE IN THE PUBLIC INTEREST

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

Note 6. Donor-Restricted Endowment Funds

An endowment fund was established during the year ended June 30, 1996. Donor-restricted endowment funds at June 30, 2021 and 2020 consist of an endowment fund established to support CSPI's program services and general operations. Contributions to the endowment fund are subject to donor restrictions that stipulate the original principal of the gift is to be held and invested by CSPI indefinitely, and income from the fund is to be expended for certain program services or general operations. In fiscal year 2019, CSPI received a \$1,000,000 endowment from The Davee Foundation. Annual fund expenditures are limited to four percent of the value fund and the fund can only be expended for charitable or educational activities. CSPI has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. As a result of this interpretation, CSPI classifies as donor-restricted endowment funds (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts donated to the endowment, and (c) accumulations or expenditures to/from the endowment made in accordance with the direction of the applicable donor gift instrument. CSPI 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 organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the organization
- The investment policies of the organization

CSPI has adopted investment and spending policies for the endowment that attempt to provide a predictable stream of funding for operations while seeking to maintain the original principal of the endowment assets. The donor-restricted endowment fund is invested in equity funds, certificates of deposit and fixed income funds pursuant to CSPI's investment and spending objectives of subjecting the fund to low investment risk and providing its programs and operations with current income. Donor restricted endowment net assets were \$1,380,831 as of June 30, 2021 and 2020.

CENTER FOR SCIENCE IN THE PUBLIC INTEREST

NOTES TO FINANCIAL STATEMENTS

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Note 7. Investments

CSPI values its investments in accordance with the “Fair Value Measurement” 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, except certificates of deposit, are valued using Level 1 inputs. Certificates of deposit are valued using level 2 inputs.

Investments consisted of the following at June 30:

	2021		
	Cost	Unrealized Appreciation	Fair Market Value
Mutual funds:			
Index funds	\$ 403,599	\$ 898,683	\$ 1,302,282
Value funds	1,744,293	338,255	2,082,548
Growth funds	1,267,057	824,488	2,091,545
Other funds	140,151	71,350	211,501
Total mutual funds	\$ 3,555,100	\$ 2,132,776	\$ 5,687,876
Certificates of deposit	6,429,150	214,809	6,643,959
Stock	458	849	1,307
Money market fund	52,974	-	52,974
U.S. agency securities	1,646,880	9,734	1,656,614
Total	\$ 11,684,562	\$ 2,358,168	\$ 14,042,730

CENTER FOR SCIENCE IN THE PUBLIC INTEREST

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

Note 7. Investments (Concluded)

	2020		
	Cost	Unrealized Appreciation (Depreciation)	Fair Market Value
Mutual funds:			
Index funds	\$ 508,063	\$ 708,434	\$ 1,216,497
Value funds	1,540,847	(100,211)	1,440,636
Growth funds	1,186,429	325,366	1,511,795
Other funds	129,465	1,844	131,309
Total mutual funds	\$ 3,364,804	\$ 935,433	\$ 4,300,237
Certificates of deposit	4,953,973	328,902	5,282,875
Stock	458	594	1,052
Money market fund	56,254	-	56,254
U.S. agency securities	539,697	21,080	560,777
Total	\$ 8,915,186	\$ 1,286,009	\$ 10,201,195

Investment return is summarized as follows:

	2021	2020
Interest and dividends	\$ 166,060	\$ 196,192
Net realized and unrealized gains on investments	1,640,856	661,746
Total Investment Income	\$ 1,806,916	\$ 857,938

Note 8. Lease Commitments

During the fiscal year ending June 30, 2010, CSPI entered into a long-term lease for office space. The lease commenced on November 1, 2010 and terminated 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.

During April 2014, CSPI entered into a thirty-six month lease for certain office equipment. Monthly payments under the lease are \$2,172. Beginning in April 2017, CSPI extended this lease for an additional 36 months with monthly payments of \$2,373. This lease expired in April 2020.

During April 2016, CSPI entered into a thirty-nine month lease for certain office equipment. Monthly payments under the lease are \$413. Beginning in May 2019, CSPI extended this lease for an additional 36 months with monthly payments of \$125.

During April 2020, CSPI entered into a sixty-month lease for certain office equipment. Monthly payments under the lease are \$741.

CENTER FOR SCIENCE IN THE PUBLIC INTEREST

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

Note 8. Lease Commitments (Concluded)

In September 2016, CSPI entered into a sublease for a portion of its U.S. office space. Rent is \$7,002 per month and increases by 5.0% per year, and the sublease expired on January 28, 2022.

Subsequent to the fiscal year end, CSPI entered into a new long-term lease for office space. The lease commences on May 1, 2022 and terminates December 31, 2033. The lease terms include future rent concessions and build-out allowances. The lease commitment schedule below includes the future payments as a result of this new lease.

At June 30, 2021, the future minimum lease commitments and scheduled sublease income are as follows:

Year Ending June 30,	Rent	Sublease Income	Total
2022	541,652	(61,700)	479,952
2023	8,892	-	8,892
2024	679,994	-	679,994
2025	694,548	-	694,548
2026	705,076	-	705,076
Thereafter	5,454,551	-	5,454,551
Total Minimum Lease Commitments	<u>\$ 8,084,713</u>	<u>\$ (61,700)</u>	<u>\$ 8,023,013</u>

Rental expense is reported net of sublease income on the statements of functional expenses. For the years ended June 30, 2021 and 2020, gross rent expense was approximately \$906,000 and \$901,000 and sublease income was approximately \$101,000 and \$96,000, respectively.

Note 9. Allocation of Joint Costs

For the year ended June 30, 2021, CSPI incurred joint costs of \$2,362,158 for informational materials for the purpose of membership development. Of those costs, \$1,275,565 was allocated to Public Education and \$1,086,593 was allocated to Membership Development. For the year ended June 30, 2020, CSPI incurred joint costs of \$2,234,083 for informational materials for the purpose of membership development. Of those costs, \$1,206,405 was allocated to Public Education and \$1,027,678 was allocated to Membership Development.

For the year ended June 30, 2021, CSPI incurred joint costs of \$1,996,427 for informational materials that included fundraising appeals. Of those costs, \$1,157,928 was allocated to Public Education and \$838,499 was allocated to fundraising. For the year ended June 30, 2020, CSPI incurred joint costs of \$1,991,590 for informational materials that included fundraising appeals. Of those costs, \$1,075,458 was allocated to Public Education and \$916,132 was allocated to fundraising.

CENTER FOR SCIENCE IN THE PUBLIC INTEREST

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

Note 10. 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 \$112,319 and \$87,460 under the plan during the fiscal years ended June 30, 2021 and 2020, respectively.

CSPI has a 457(b) private deferred compensation plan for key employees of CSPI. The 457(b) is funded by contributions made by participants and has no ongoing costs to CSPI for continuance.

The tables below present the balance of assets and liabilities measured at fair value on a recurring basis by level within the hierarchy at June 30, 2021 and 2020:

	2021			
	Total	Level 1	Level 2	Level 3
Deferred compensation assets:				
Mutual Funds	\$ 746,819	\$ 746,819	\$ -	\$ -
Deferred compensation liability	\$ 746,819	\$ 746,819	\$ -	\$ -
	2020			
	Total	Level 1	Level 2	Level 3
Deferred compensation assets:				
Mutual Funds	\$ 665,973	\$ 665,973	\$ -	\$ -
Deferred compensation liability	\$ 665,973	\$ 665,973	\$ -	\$ -

Note 11. 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 year 2020, 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 2021 and 2020 were not significant.

Note 12. 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.

CENTER FOR SCIENCE IN THE PUBLIC INTEREST

NOTES TO FINANCIAL STATEMENTS

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Note 13. Contingencies

CSPI receives a portion of its revenue from grants. The ultimate determination of amounts received under these programs often is based on allowable costs reported to the donor. In some instances, the donor reserves the right to audit the program costs. Until the final settlement is reached with each donor, there exists a contingency to refund any amount received for costs deemed unallowable in an audit conducted by a donor. CSPI does not believe any such refund is likely and therefore has not accrued a liability for such contingencies.

In 2020, a pandemic of the Coronavirus (COVID-19) was declared by the World Health Organization. Future events and revenues and expenses of CSPI are uncertain due to the highly contagious nature of the virus, the requirement for social distancing, limited gatherings and restrictions on travel. This could also impact transactions relating to customers and vendors. In addition, both domestic and international equity markets have experienced volatility. The amount and likelihood of any loss relating to these events is not determinable.

Note 14. Board Designated Funds

The Board of Directors of CSPI has designated \$1,000,000 of the net assets without donor restrictions 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 15. 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, 2021 and 2020, the estimated charitable gift annuity liability totaled \$143,763 and \$151,805, respectively.

Note 16. Paycheck Protection Program Loan Payable

In May 2020, CSPI applied for and was approved for a \$668,732 loan under the Paycheck Protection Program (PPP) created as part of the relief efforts related to COVID-19 and administered by The Small Business Administration (SBA). The loan accrued interest at 1%, but payments were not required to begin for six months after the funding of the loan. The Organization was eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The loan was uncollateralized and is fully guaranteed by the Federal government.

The loan was initially recorded as a loan payable, which was then used to pay eligible expenses such as payroll costs, costs used to continue group health care benefits, rent and utilities. In accordance with available guidance from the AICPA, CSPI accounted for the PPP funds similar to other government grants under FASB ASC 958-605. Due to CSPI incurring the qualified expenses during fiscal year 2021, they recognized the full \$668,732 as grant income in fiscal year 2021. In June 2021, CSPI received full forgiveness of the PPP loan and associated interest from the SBA.

CENTER FOR SCIENCE IN THE PUBLIC INTEREST

NOTES TO FINANCIAL STATEMENTS

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Note 17. Prior Period Adjustment

In the prior year, as a result of the Organization adopting Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 606, Revenue from Contracts with Customers, a cumulative adjustment for change in accounting principle was made to recognize membership dues revenue ratably over the membership period as membership benefits were delivered. CSPI obtained revised data from their outsourced membership tracking service which indicated that the cumulative adjustment booked in fiscal year 2020 was overstated and a prior period adjustment was recorded to reduce the opening deferred membership dues and increase opening net assets for fiscal year 2020 by \$1,275,774.

Note 18. Subsequent Events

CSPI has evaluated events through February 28, 2022, the date the financial statements were available to be issued.

As noted in Note 8, subsequent to June 30, 2021, CSPI entered into a long-term lease agreement for office space.

CSPI incorporated a new affiliated 501(c)(4) organization on January 13, 2022.

CSPI was notified of a substantial bequest that will be distributed towards the end of calendar year 2022.