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CENTER FOR SCIENCE IN THE PUBLIC INTEREST
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
JUNE 30, 2015 AND 2014

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, 2015 and 2014, 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, 2015 and 2014, 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
January 21, 2016

CENTER FOR SCIENCE IN THE PUBLIC INTEREST

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2015 AND 2014

ASSETS

	<u>2015</u>	<u>2014</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 835,167	\$ 502,595
Investments - current portion:		
Certificates of deposit	629,536	1,279,745
Accounts receivable - trade	37,090	69,479
Grants and contributions receivable	930,500	134,877
List rent receivable (less allowance for doubtful accounts of \$0 at June 30, 2015 and 2014)	84,301	143,465
Other receivables	193	21,326
Direct mail supplies	319,055	442,120
Prepaid expenses	141,803	165,097
Total Current Assets	<u>\$ 2,977,645</u>	<u>\$ 2,758,704</u>
INVESTMENTS, LONG-TERM:		
U.S. agency securities	\$ 560,643	\$ 559,136
Mutual funds	2,970,019	3,082,299
Stock	802	809
Certificates of deposit	2,479,393	3,263,232
Total Investments, Long-Term	<u>\$ 6,010,857</u>	<u>\$ 6,905,476</u>
PROPERTY AND EQUIPMENT, AT COST:		
Furniture and equipment	\$ 465,327	\$ 495,501
Leasehold improvements	1,223,706	1,223,706
Less, accumulated depreciation	(957,474)	(833,266)
Property and Equipment - Net	<u>\$ 731,559</u>	<u>\$ 885,941</u>
OTHER ASSETS:		
Office lease security deposit	\$ 62,200	\$ 59,486
Grants and contributions receivable - long term	380,000	-
Bequests receivable - long term	110,000	130,000
Total Other Assets	<u>\$ 552,200</u>	<u>\$ 189,486</u>
TOTAL ASSETS	<u><u>\$ 10,272,261</u></u>	<u><u>\$ 10,739,607</u></u>

LIABILITIES AND NET ASSETS

	<u>2015</u>	<u>2014</u>
CURRENT LIABILITIES:		
Accounts payable	\$ 251,061	\$ 472,859
Accrued payroll and leave	775,557	959,690
Current portion of deferred rent	108,774	108,774
Current portion of charitable gift annuity liability	23,436	25,276
Total Current Liabilities	<u>\$ 1,158,828</u>	<u>\$ 1,566,599</u>
OTHER LIABILITIES:		
Deferred rent	\$ 982,477	\$ 1,079,369
Charitable gift annuity liability	170,272	167,942
Total Other Liabilities	<u>\$ 1,152,749</u>	<u>\$ 1,247,311</u>
TOTAL LIABILITIES	<u>\$ 2,311,577</u>	<u>\$ 2,813,910</u>
NET ASSETS:		
Unrestricted:		
Operating	\$ 4,109,852	\$ 5,062,794
Board-designated reserve fund	1,000,000	1,000,000
Foreign currency translation adjustment from Canadian operations	859,501	856,037
Total Unrestricted	<u>\$ 5,969,353</u>	<u>\$ 6,918,831</u>
Temporarily restricted	1,617,500	633,035
Permanently restricted (endowment)	373,831	373,831
Total Net Assets	<u>\$ 7,960,684</u>	<u>\$ 7,925,697</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 10,272,261</u></u>	<u><u>\$ 10,739,607</u></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, 2015 AND 2014

	2015				2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUE:								
Membership dues	\$ 7,769,539	\$ -	\$ -	\$ 7,769,539	\$ 11,414,335	\$ -	\$ -	\$ 11,414,335
Contributions	5,090,215	-	-	5,090,215	4,574,676	-	-	4,574,676
Foundation grants	451,285	2,381,000	-	2,832,285	60,000	1,009,340	-	1,069,340
Publication sales	221,232	-	-	221,232	386,820	-	-	386,820
Investment interest and dividends	140,451	-	-	140,451	165,979	-	-	165,979
Net realized and unrealized gains on investments	62,060	-	-	62,060	443,348	-	-	443,348
Royalty income	511,397	-	-	511,397	447,841	-	-	447,841
Other income	513,401	-	-	513,401	412,752	-	-	412,752
Net assets released from restrictions:								
Satisfaction of program restrictions	1,396,535	(1,396,535)	-	-	1,507,143	(1,507,143)	-	-
Total Support and Revenue	<u>\$ 16,156,115</u>	<u>\$ 984,465</u>	<u>\$ -</u>	<u>\$ 17,140,580</u>	<u>\$ 19,412,894</u>	<u>\$ (497,803)</u>	<u>\$ -</u>	<u>\$ 18,915,091</u>
EXPENSES:								
Program Services:								
Public education	\$ 4,202,390	\$ -	\$ -	\$ 4,202,390	\$ 6,108,772	\$ -	\$ -	\$ 6,108,772
Nutrition Action Healthletter	6,498,901	-	-	6,498,901	7,219,702	-	-	7,219,702
Special projects	4,086,871	-	-	4,086,871	4,494,461	-	-	4,494,461
Total Program Services	<u>\$ 14,788,162</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,788,162</u>	<u>\$ 17,822,935</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,822,935</u>
Supporting Services:								
Membership development	\$ 1,323,982	\$ -	\$ -	\$ 1,323,982	\$ 2,330,897	\$ -	\$ -	\$ 2,330,897
Management and general	389,292	-	-	389,292	467,693	-	-	467,693
Fundraising	607,623	-	-	607,623	634,896	-	-	634,896
Total Supporting Services	<u>\$ 2,320,897</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,320,897</u>	<u>\$ 3,433,486</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,433,486</u>
Total Expenses	<u>\$ 17,109,059</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,109,059</u>	<u>\$ 21,256,421</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,256,421</u>
CHANGE IN NET ASSETS	\$ (952,944)	\$ 984,465	\$ -	\$ 31,521	\$ (1,843,527)	\$ (497,803)	\$ -	\$ (2,341,330)
FOREIGN CURRENCY TRANSLATION ADJUSTMENT FROM CANADIAN OPERATIONS	3,466	-	-	3,466	(2,133)	-	-	(2,133)
NET ASSETS, BEGINNING OF YEAR	<u>6,918,831</u>	<u>633,035</u>	<u>373,831</u>	<u>7,925,697</u>	<u>8,764,491</u>	<u>1,130,838</u>	<u>373,831</u>	<u>10,269,160</u>
NET ASSETS, END OF YEAR	<u>\$ 5,969,353</u>	<u>\$ 1,617,500</u>	<u>\$ 373,831</u>	<u>\$ 7,960,684</u>	<u>\$ 6,918,831</u>	<u>\$ 633,035</u>	<u>\$ 373,831</u>	<u>\$ 7,925,697</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, 2015

(With Comparative Totals for 2014)

	Program Services				Supporting Services					
		Nutrition				Management			2015	2014
	Public	Action	Special	Total	Membership	and	Fund-	Total	Total	Total
	Education	Health-	Projects		Development	General	raising		Expenses	Expenses
		letter								
Salaries	\$ 895,097	\$ 878,919	\$ 2,516,390	\$ 4,290,406	\$ 185,274	\$ 90,697	\$ 151,980	\$ 427,951	\$ 4,718,357	\$ 5,135,962
Payroll taxes	66,594	63,579	179,112	309,285	14,239	7,730	11,761	33,730	343,015	354,963
Employee benefits	82,456	55,952	202,599	341,007	14,184	8,926	14,008	37,118	378,125	403,894
Total Salaries and Related Expenses	\$ 1,044,147	\$ 998,450	\$ 2,898,101	\$ 4,940,698	\$ 213,697	\$ 107,353	\$ 177,749	\$ 498,799	\$ 5,439,497	\$ 5,894,819
Advertising/media campaigns	-	13	64,425	64,438	48,115	-	940	49,055	113,493	46,902
Conferences and travel	455	12,084	83,698	96,237	11,407	1,341	15,083	27,831	124,068	304,474
Consultants, professionals and temporary services	36,297	150,050	284,749	471,096	15,002	12,527	13,353	40,882	511,978	652,419
Data processing	-	398,089	-	398,089	-	-	-	-	398,089	344,608
Depreciation and amortization	-	39,150	75,777	114,927	14,174	22,537	10,254	46,965	161,892	180,380
Equipment rental and maintenance	1,039	31,210	58,599	90,848	10,879	(25,912)	7,869	(7,164)	83,684	57,696
Mail list costs	296,813	-	-	296,813	133,351	-	-	133,351	430,164	1,006,863
Occupancy	-	186,768	361,659	548,427	67,620	116,536	48,916	233,072	781,499	722,119
Other expenses	71,462	378,366	116,931	566,759	29,474	133,933	19,201	182,608	749,367	922,301
Postage and mailing	1,701,320	2,999,404	37,849	4,738,573	478,634	644	216,693	695,971	5,434,544	7,555,868
Printing and publications	875,200	1,276,865	9,887	2,161,952	216,874	979	92,623	310,476	2,472,428	3,162,177
Supplies	-	3,127	8,299	11,426	230	10,265	468	10,963	22,389	19,385
Telephone, internet and network support	175,657	25,325	86,897	287,879	84,525	9,089	4,474	98,088	385,967	386,410
Totals	<u>\$ 4,202,390</u>	<u>\$ 6,498,901</u>	<u>\$ 4,086,871</u>	<u>\$ 14,788,162</u>	<u>\$ 1,323,982</u>	<u>\$ 389,292</u>	<u>\$ 607,623</u>	<u>\$ 2,320,897</u>	<u>\$ 17,109,059</u>	<u>\$ 21,256,421</u>

The accompanying notes are an integral part of this statement.

CENTER FOR SCIENCE IN THE PUBLIC INTEREST

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2014

	Program Services				Supporting Services				
	Public Education	Nutrition Action Health- letter	Special Projects	Total	Membership Development	Management and General	Fund- raising	Total	Total Expenses
Salaries	\$ 940,391	\$ 1,029,202	\$ 2,720,640	\$ 4,690,233	\$ 160,913	\$ 111,369	\$ 173,447	\$ 445,729	\$ 5,135,962
Payroll taxes	66,102	69,612	185,477	321,191	11,814	9,250	12,708	33,772	354,963
Employee benefits	87,392	63,358	215,314	366,064	11,280	10,553	15,997	37,830	403,894
Total Salaries and Related Expenses	\$ 1,093,885	\$ 1,162,172	\$ 3,121,431	\$ 5,377,488	\$ 184,007	\$ 131,172	\$ 202,152	\$ 517,331	\$ 5,894,819
Advertising/media campaigns	-	-	34,802	34,802	12,100	-	-	12,100	46,902
Conferences and travel	472	12,571	237,027	250,070	19,679	697	34,028	54,404	304,474
Consultants, professionals and temporary services	76,336	183,506	330,155	589,997	33,419	16,245	12,758	62,422	652,419
Data processing	-	344,376	200	344,576	-	32	-	32	344,608
Depreciation and amortization	-	46,369	83,260	129,629	12,362	26,612	11,777	50,751	180,380
Equipment rental and maintenance	-	18,734	18,839	37,573	2,722	10,579	2,593	15,894	53,467
Mail list costs	693,391	-	1,235	694,626	311,201	-	1,036	312,237	1,006,863
Occupancy	-	183,474	329,448	512,922	48,913	113,681	46,603	209,197	722,119
Other expenses	94,424	452,593	158,667	705,684	37,971	160,170	22,705	220,846	926,530
Postage and mailing	2,855,702	3,442,080	77,296	6,375,078	966,022	974	213,794	1,180,790	7,555,868
Printing and publications	1,294,562	1,339,318	25,483	2,659,363	425,601	(6,326)	81,386	500,661	3,160,024
Supplies	-	5,022	11,178	16,200	343	3,678	1,317	5,338	21,538
Telephone, internet and network support	-	29,487	65,440	94,927	276,557	10,179	4,747	291,483	386,410
Totals	<u>\$ 6,108,772</u>	<u>\$ 7,219,702</u>	<u>\$ 4,494,461</u>	<u>\$ 17,822,935</u>	<u>\$ 2,330,897</u>	<u>\$ 467,693</u>	<u>\$ 634,896</u>	<u>\$ 3,433,486</u>	<u>\$ 21,256,421</u>

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, 2015 AND 2014

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 31,521	\$ (2,341,330)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation and amortization	\$ 161,892	\$ 180,380
Realized and unrealized gains on investments	(62,060)	(443,348)
Loss on disposal of property and equipment	892	-
Foreign currency translation adjustment from Canadian operations	3,466	(2,133)
(Increase) Decrease in Assets:		
Accounts receivable - trade	32,389	(30,220)
Grants and contributions receivable	(1,175,623)	557,167
Bequests receivable	20,000	12,130
List rent receivable	59,164	(34,812)
Other receivables	21,133	6,754
Direct mail supplies	123,065	(104,434)
Prepaid expenses	23,294	(45,098)
Office lease security deposit	(2,714)	-
Increase (Decrease) in Liabilities:		
Accounts payable	(221,798)	190,734
Accrued payroll and leave	(184,133)	(421)
Sublease deposit	-	(15,257)
Deferred rent	(96,892)	(79,849)
Charitable gift annuity liability	490	21,173
Total Adjustments	<u>\$ (1,297,435)</u>	<u>\$ 212,766</u>
Net Cash Used by Operating Activities	<u>\$ (1,265,914)</u>	<u>\$ (2,128,564)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Furniture and equipment and leasehold improvement purchases	\$ (8,402)	\$ (13,336)
Investment sales	1,798,285	1,729,598
Investment purchases	<u>(191,397)</u>	<u>(1,598,140)</u>
Net Cash Provided by Investing Activities	<u>\$ 1,598,486</u>	<u>\$ 118,122</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>\$ 332,572</u>	<u>\$ (2,010,442)</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>502,595</u>	<u>2,513,037</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 835,167</u></u>	<u><u>\$ 502,595</u></u>

There were no non-cash financing or investing activities in 2015 or 2014.

The accompanying notes are an integral part of these statements.

CENTER FOR SCIENCE IN THE PUBLIC INTEREST

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

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, other issues; to ensure that advances in science are used for the public's good, and to encourage scientists to engage in public-interest activities.

Basis of Accounting:

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

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 individual expenditures for property and equipment in excess of \$1,000. 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.

Membership Dues:

Membership dues are considered contributions and are included in revenue in the period in which the membership fee is received.

Deferred Rent:

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

CENTER FOR SCIENCE IN THE PUBLIC INTEREST

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

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

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. The earliest open tax year subject to examination is 2011. CSPI is not currently 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.

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, discounted using risk-free interest rates applicable to the years in which the promises are received. No discount was recorded in 2015 as the amount was not material. All grants are considered collectible at June 30, 2015 and 2014.

Accounts Receivable:

Accounts receivable are stated at the amount CSPI expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Allowance for doubtful accounts is \$0 as of June 30, 2015 and 2014.

CENTER FOR SCIENCE IN THE PUBLIC INTEREST

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

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.

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 667,000 in the U.S. and 68,000 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 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 "food bioterrorism" - the intentional contamination of the food supply by terrorists – as well as ordinary contamination with microbes through increased appropriations for inspections of imported and domestic foods and food manufacturing facilities;
- 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;
- 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;
- promote changes in the American food supply and in food policies through the litigation process;
- conduct an annual, nationwide Food Day to promote delicious, healthy and affordable food that is produced in a sustainable humane way.

CENTER FOR SCIENCE IN THE PUBLIC INTEREST

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

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, 2015 and 2014:

<u>Description</u>	<u>2015</u>	<u>2014</u>
Cash on hand	\$ 617	\$ 965
Cash in banks	822,251	479,273
Money market funds	<u>12,299</u>	<u>22,357</u>
Total	<u>\$ 835,167</u>	<u>\$ 502,595</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.

Temporarily restricted net assets (and activity in temporarily restricted net assets) at June 30, 2015 and 2014 were comprised of the following programs:

<u>Purpose</u>	<u>Donor</u>	<u>Balance 06/30/14</u>	<u>Revenue/ Contributions</u>	<u>Released</u>	<u>Balance 06/30/15</u>
Agricultural Biotechnology Project	Davee Foundation	\$ -	\$ 300,000	\$ (8,333)	\$ 291,667
Food Day	Center for Communications, Health and the Environment (CECHE)	5,000	10,000	(10,000)	5,000
Food Day	Lucy R. Waletzky, M.D.	10,000	-	(10,000)	-
Food Day	Ralph E. Ogden Foundation	10,000	20,000	(20,000)	10,000
Food Dye	Mr. Jeffrey Soros	417	-	(417)	-
Food Safety	Christine Olsen & Robert Small	-	15,000	(13,750)	1,250
Food Additives	Flora L. Thorton Foundation	-	50,000	(25,000)	25,000
Food Marketing	Voices/PHI	-	181,000	(181,000)	-
Antibiotic Resistance/ Additives	Freed Foundation	-	50,000	(41,667)	8,333
Healthy Checkout	Michael & Susan Dell Foundation	-	520,000	-	520,000
Food Dyes/Sugary Drinks	Anonymous	-	50,000	(50,000)	-
Sugary Drinks	Voices/Rudd	-	20,000	(20,000)	-
School Foods	Park Foundation	-	15,000	(8,750)	6,250
Sodium	Simon Family Foundation	10,000	-	(10,000)	-
Sugary Drinks, Trans Fat & Sodium	Bloomberg Philanthropies	265,483	1,000,000	(515,483)	750,000
Various	Suzanne & Lawrence Hess	<u>332,135</u>	<u>150,000</u>	<u>(482,135)</u>	<u>-</u>
		<u>\$ 633,035</u>	<u>\$ 2,381,000</u>	<u>\$ (1,396,535)</u>	<u>\$1,617,500</u>

CENTER FOR SCIENCE IN THE PUBLIC INTEREST

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

Note 4. Temporarily Restricted Net Assets (Concluded)

<u>Purpose</u>	<u>Donor</u>	<u>Balance 06/30/13</u>	<u>Revenue/ Contributions</u>	<u>Released</u>	<u>Balance 06/30/14</u>
Food Day	Center for Communications, Health and the Environment (CECHE)	\$ 5,000	\$ 10,000	\$ (10,000)	\$ 5,000
Food Day	Lucy R. Waletzky, M.D.	-	10,000	-	10,000
Food Day	All at Once Partnership	-	500	(500)	-
Food Day	Johnson Ohana Foundation	-	500	(500)	-
Food Day	Ralph E. Ogden Foundation	10,000	10,000	(10,000)	10,000
Food Dye	Anonymous	22,917	-	(22,917)	-
Food Additives	Flora L. Thornton Foundation	-	25,000	(25,000)	-
Food Dye	Mr. Jeffrey Soros	-	5,000	(4,583)	417
Food Marketing to Children	Public Health Institute	-	500	(500)	-
Food Marketing to Children	Center for Digital Democracy	-	1,000	(1,000)	-
Food Marketing to Children	Robert Wood Johnson/Public Health Institute	19,938	256,340	(276,278)	-
Reduce Soft Drink Consumption	Kresge Foundation	100,000	-	(100,000)	-
Reduce Soft Drink					
School Foods	Park Foundation	3,750	-	(3,750)	-
Sodium	Simon Family Foundation	10,000	10,000	(10,000)	10,000
Sugary Drinks	American Heart Association	-	5,000	(5,000)	-
Sugary Drinks	Robert Wood Johnson/Public Health Institute	-	75,000	(75,000)	-
Sugary Drinks	Anonymous	22,917	-	(22,917)	-
Sugary Drinks/School Foods	The California Endowment	170,833	-	(170,833)	-
Sugary Drinks, Trans Fat & Sodium	Bloomberg Philanthropies	765,483	-	(500,000)	265,483
Nutrition Action Healthletter	Mr. Mark Gottlieb	-	500	(500)	-
Various	Suzanne & Lawrence Hess	-	600,000	(267,865)	332,135
		<u>\$ 1,130,838</u>	<u>\$ 1,009,340</u>	<u>\$ (1,507,143)</u>	<u>\$ 633,035</u>

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.

CENTER FOR SCIENCE IN THE PUBLIC INTEREST

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

Note 5. Permanently Restricted Net Assets (Concluded)

The composition of endowment net assets for this fund and the changes in endowment net assets as of June 30, 2015 and 2014 are as follows:

	Permanently Restricted
Endowment net assets, June 30, 2013	\$ 373,831
Contributions	-
Endowment net assets, June 30, 2014	\$ 373,831
Contributions	-
Endowment net assets, June 30, 2015	<u>\$ 373,831</u>

Note 6. 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:

	2015		
	Cost	Unrealized Appreciation	Fair Market Value
Mutual funds:			
Index funds	\$ 621,917	\$ 481,737	\$ 1,103,654
Value funds	1,016,650	25,381	1,042,031
Growth funds	672,511	10,608	683,119
Other funds	151,877	(10,662)	141,215
Total Mutual funds	<u>\$ 2,462,955</u>	<u>\$ 507,064</u>	<u>\$ 2,970,019</u>
Certificates of deposit	3,106,387	2,542	3,108,929
Stock	387	415	802
U.S. agency securities	524,251	36,392	560,643
Total	<u>\$ 6,093,979</u>	<u>\$ 546,414</u>	<u>\$ 6,640,393</u>

CENTER FOR SCIENCE IN THE PUBLIC INTEREST

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

Note 6. Investments (Continued)

	2014		
	Cost	Unrealized Appreciation	Fair Market Value
Mutual funds:			
Index funds	\$ 718,190	\$ 511,687	\$ 1,229,877
Value funds	935,946	74,345	1,010,291
Growth funds	618,302	56,308	674,610
Other funds	<u>149,982</u>	<u>17,539</u>	<u>167,521</u>
	\$ 2,422,420	\$ 659,879	\$ 3,082,299
Certificates of deposit	4,541,900	1,077	4,542,977
Stock	387	422	809
U.S. agency securities	<u>524,251</u>	<u>34,885</u>	<u>559,136</u>
Total	<u>\$ 7,488,958</u>	<u>\$ 696,263</u>	<u>\$ 8,185,221</u>

Investment return is summarized as follows:

	2015	2014
Interest and dividends	\$ 140,451	\$ 165,979
Net realized and unrealized gains on investments	<u>62,060</u>	<u>443,348</u>
Total Investment Income	<u>\$ 202,511</u>	<u>\$ 609,327</u>

Note 7. 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 terminates on January 31, 2022. The lease calls for monthly base rent of \$59,486 and includes provisions for annual rental increases each November 1. The lease also includes provisions for additional rent based on increased operating expenses and real estate taxes. As part of the lease agreement the landlord granted a \$1,223,706 build out allowance as well as a three month rent abatement. In order to more accurately reflect the annual lease costs in the proper period, deferred rent has been accrued to provide a constant rent over the life of the lease.

Additionally, CSPI entered into an office space agreement in Canada beginning on August 31, 2005. The lease has been extended through August 31, 2016 at a rate of approximately \$1,419 US dollars per month.

CSPI also entered into an office space agreement in Dallas, Texas for \$1,480 per month for 36 months beginning on August 1, 2010. Rent increased \$60 per month each August 1. The lease expired on July 31, 2013. The lease was subsequently extended through July 2016 and now calls for monthly payments of \$1,875. On each August 1, rent increases by \$52 per month. Effective July 31, 2015 CSPI cancelled its office space agreement in Dallas.

During April 2014, CSPI entered into a thirty-six month lease for certain office equipment. Monthly payments under the lease are \$2,172.

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

In November 2010, CSPI entered into a sublease for a portion of its U.S. office space. Rent is \$7,628 per month and the sublease expired on June 8, 2014. During October 2013, the sublease was terminated early by the tenant.

CENTER FOR SCIENCE IN THE PUBLIC INTEREST

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

Note 7. Lease Commitments (Concluded)

At June 30, 2015, the future minimum lease commitments are as follows:

Year Ending June 30,	Rent
2016	\$ 848,330
2017	822,503
2018	838,083
2019	856,915
2020	876,170
Thereafter	<u>1,427,367</u>
Total Minimum Lease Commitments	<u>\$ 5,669,368</u>

Rental expense is shown net of sublease income on the statements of functional expenses. For the years ended June 30, 2015 and 2014, gross rent expense was approximately \$850,000 and \$810,000 and sublease income was approximately \$0 and \$34,000, respectively.

Note 8. Allocation of Joint Costs

For the year ended June 30, 2015, CSPI incurred joint costs of \$3,438,962 for informational materials for the purpose of membership development. Of those costs, \$2,372,884 was allocated to Public Education and \$1,066,078 was allocated to Membership Development. For the year ended June 30, 2014, CSPI incurred joint costs of \$5,959,276 for informational materials for the purpose of membership development. Of those costs, \$4,111,901 was allocated to Public Education and \$1,847,375 was allocated to Membership Development.

For the year ended June 30, 2015, CSPI incurred joint costs of \$1,204,979 for informational materials that included fundraising appeals. Of those costs \$759,137 was allocated to Public Education and \$445,842 was allocated to fundraising. For the year ended June 30, 2014, CSPI incurred joint costs of \$1,208,309 for informational materials that included fundraising appeals. Of those costs \$761,235 was allocated to Public Education and \$447,074 was allocated to fundraising.

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 \$107,878 and \$105,734 under the plan during the fiscal years ended June 30, 2015 and 2014, 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.

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 2015 and 2014, 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 2015 and 2014 were not significant.

CENTER FOR SCIENCE IN THE PUBLIC INTEREST

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

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. 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.

Note 13. 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 14. 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, 2015 and 2014, the estimated charitable gift annuity liability totaled \$193,708 and \$193,218, respectively.

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.

Note 16. Subsequent Events

CSPI has evaluated events through January 21, 2016, the date the financial statements were available to be issued, and determined that there were no events occurring subsequent to June 30, 2015 that would have a material impact on CSPI's results of operations or financial position.