

**GOVERNMENT ACCOUNTABILITY PROJECT**  
**(a not-for-profit organization)**

**FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

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### FINANCIAL STATEMENTS

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OAO Mohn & Allen, PC

Certified Public Accountants

Harold L. Mohn, Jr.  
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(1964-2008)

INDEPENDENT AUDITORS' REPORT

Alice L. Orzechowski  
*Consultant*

To the Board of Directors  
Government Accountability Project  
Washington, DC

We have audited the accompanying statements of financial position of the Government Accountability Project (GAP) (a not-for-profit corporation) as of December 31, 2009 and 2008, and the related statements of activities, changes in net assets, cash flows, and functional expenses for the years then ended. These financial statements are the responsibility of GAP's management. 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 our audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audits provide a reasonable basis for our opinion.

In our opinion, the statements of financial position referred to above presents fairly, in all material respects, the financial position of GAP, as of December 31, 2009 and 2008, and the changes in its net assets and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

*OAO Mohn & Allen, P.C.*

June 1, 2010

GOVERNMENT ACCOUNTABILITY PROJECT  
 STATEMENTS OF FINANCIAL POSITION  
 DECEMBER 31, 2009 AND 2008

	2009	2008
<b>ASSETS</b>		
Cash	\$ 608,333	\$ 884,812
Investments	6,521	588
Fees and services receivable	38,812	29,026
Grants and contributions receivable	171,833	150,000
Prepaid expenses	29,257	20,515
Book inventory	1,718	1,862
Property and equipment, net	22,260	26,278
Deposits	5,695	5,695
<b>TOTAL ASSETS</b>	<b>\$ 884,429</b>	<b>\$ 1,118,776</b>
 <b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 159,725	\$ 150,517
Line of credit payable	50	100
Escrow client funds	6,851	16,212
Loans payable	-	25,500
<b>TOTAL LIABILITIES</b>	<b>166,626</b>	<b>192,329</b>
 <b>NET ASSETS</b>		
Unrestricted	676,491	915,740
Temporarily restricted	41,312	10,707
<b>TOTAL NET ASSETS</b>	<b>717,803</b>	<b>926,447</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 884,429</b>	<b>\$ 1,118,776</b>

GOVERNMENT ACCOUNTABILITY PROJECT  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	2009	2008
CHANGES IN UNRESTRICTED NET ASSETS		
SUPPORT AND REVENUE		
Contributions	\$ 334,026	\$ 583,632
Grants	1,725,038	1,876,321
Fees recognized	97,593	690,925
Other income	213	636
Interest and dividends	17,159	7,848
Realized loss on investment and disposition of assets	(69)	(190)
TOTAL UNRESTRICTED SUPPORT AND REVENUE	2,173,960	3,159,172
NET ASSETS RELEASED FROM RESTRICTIONS	10,707	328,859
TOTAL UNRESTRICTED SUPPORT AND REVENUE AND NET ASSETS RELEASED FROM RESTRICTIONS	2,184,667	3,488,031
EXPENSES		
Program services	1,951,705	2,061,297
Fundraising	388,176	447,053
General and administrative	84,035	81,675
TOTAL EXPENSES	2,423,916	2,590,025
(DECREASE) INCREASE IN UNRESTRICTED NET ASSETS	(239,249)	898,006
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS		
SUPPORT		
Grants	41,312	10,707
TOTAL TEMPORARILY RESTRICTED SUPPORT	41,312	10,707
NET ASSETS RELEASED FROM RESTRICTIONS	(10,707)	(328,859)
INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS	30,605	(318,152)
INCREASE (DECREASE) IN NET ASSETS	(208,644)	579,854
NET ASSETS AT BEGINNING OF YEAR	926,447	346,593
NET ASSETS AT END OF YEAR	\$ 717,803	\$ 926,447

GOVERNMENT ACCOUNTABILITY PROJECT  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	2009	2008
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (decrease) in net assets	\$ (208,644)	\$ 579,854
Adjustments to reconcile increase / decrease in net assets to net cash provided by / (used in) operating activities:		
Depreciation	11,916	12,969
(Increase) decrease in operating assets:		
Fees receivable	(9,786)	(15,211)
Grants receivable	(21,833)	(150,000)
Prepaid expenses	(8,742)	1,471
Inventory	144	46
Deposits	-	3,591
Increase (decrease) in operating liabilities:		
Accounts payable	9,208	56,010
Client escrow funds	(9,361)	(4,149)
	<b>NET CASH PROVIDED BY / (USED IN)</b>	<b>OPERATING ACTIVITIES</b>
	(237,098)	484,581
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of furniture and equipment	(7,898)	(12,717)
Contributed investments	(5,933)	174
	<b>NET CASH (USED) BY INVESTING ACTIVITIES</b>	<b>(12,543)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayments on loan payable	(25,500)	-
Proceeds from (payments on) line of credit	(50)	50
	<b>NET CASH PROVIDED BY/(USED IN)</b>	<b>FINANCING ACTIVITIES</b>
	(25,550)	50
	<b>NET INCREASE / (DECREASE) IN CASH</b>	<b>472,088</b>
<b>CASH, BEGINNING OF YEAR</b>	<b>884,812</b>	<b>412,724</b>
<b>CASH, END OF YEAR</b>	<b>\$ 608,333</b>	<b>\$ 884,812</b>
 <b>SUPPLEMENTAL INFORMATION:</b>		
Actual cash payments for interest	\$ -	\$ 511

GOVERNMENT ACCOUNTABILITY PROJECT  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - NATURE OF ORGANIZATION

Government Accountability Project (GAP) is a not-for-profit organization incorporated in 1984 in the District of Columbia. GAP's purpose is to protect the public interest and promote government and corporate accountability by advancing occupational free speech, defending whistle blowers, and empowering citizen activists. GAP is supported primarily by grants and individual contributions.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of GAP are presented on the accrual basis of accounting. Under this method revenues are recognized when earned and expenses are recorded when incurred, without regard to the date of receipt or payment of cash.

Basis of Presentation

The financial statement presentation follows the recommendations of Financial Accounting Standards (SFAS) No. 117 - Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, GAP is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. GAP does not have any permanently restricted net assets.

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.

Property, Equipment and Depreciation

Property and equipment are capitalized at cost. Donated property is recorded at market value at the time of receipt. Depreciation is provided over the estimated useful lives of the assets using the straight-line method over five to seven years. Assets costing over \$1,000 are capitalized.

Functional Allocation of Expenses

The cost of providing various programs and other activities has been summarized on a functional basis in the statement of activities and the statement of functional expenses. Accordingly, certain costs have been allocated among programs and support services based upon personnel time spent on these activities.

Income Taxes

GAP is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code and from state income tax under similar state income tax provisions.

GOVERNMENT ACCOUNTABILITY PROJECT  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Credit Risk

GAP maintains cash in bank deposit accounts, which, at times, may exceed federally insured limits. GAP has not experienced any losses in such accounts. Management believes it is not exposed to any significant credit risk on cash.

Inventory

GAP maintains an inventory of books held for resale. The inventory is valued at cost using the first-in, first-out method.

Restricted and Unrestricted Revenue

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Investments

At times, GAP receives contributions of marketable securities. These contributions are reported at fair market value at the time they are received. GAP's policy is to sell all stocks and bonds when received.

Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation in the current-year financial statements.

NOTE 3 - FURNITURE AND EQUIPMENT

Property and equipment consist of the following:

	<u>2009</u>	<u>2008</u>
Furniture and fixtures	\$ 7,828	\$ 7,828
Equipment	108,341	100,442
	116,169	108,270
Less: accumulated depreciation	<u>(93,909)</u>	<u>(81,992)</u>
	<u>\$ 22,260</u>	<u>\$ 26,278</u>



GOVERNMENT ACCOUNTABILITY PROJECT  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 4 – LOAN PAYABLE AND RELATED PARTY TRANSACTION

In 1997, GAP received a non-interest bearing loan from Louis Clark, President, (then Executive Director), in the amount of \$40,000. The remaining balance due to Louis Clark at December 31, 2009 and 2008 was \$-0- and \$25,500. The loan was paid off during 2009.

NOTE 5 – LINE OF CREDIT PAYABLE

GAP has a line of credit payable to Wachovia Bank. Interest is computed at prime plus 1%, and is payable monthly with principal payable on demand. Amounts payable at December 31, 2009 and 2008, were \$50 and \$100, respectively.

NOTE 6 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

	2009	2008
Corporate	\$ 38,617	\$ -
Nuclear (Russia)	2,695	10,707
	\$ 41,312	\$ 10,707

NOTE 7 – LEASE COMMITMENTS

GAP leases office space in one location. The lease for office space in Washington D.C ends in October, 2010. Total rent expense for these leases were \$127,537 and \$140,432 for the years ended December 31, 2009 and 2008, respectively.

The future minimum annual rental payments under the noncancellable-operating leases for D.C. are:

<u>Future Minimum Rental Payments</u>	
2010	100,104
	\$ 100,104

GOVERNMENT ACCOUNTABILITY PROJECT  
NOTES TO THE FINANCIAL STATEMENTS

NOTE 8 – PENSION PLAN

Beginning in January of 2005, GAP employees were given the option to enroll in a qualified 403(b)(7) plan under which GAP deducts a percentage of the participant's income each pay period up to the legally allowed limit per the employee's election. The plan includes an employer's contribution of 3% of the employee's gross salary, immediately vested, with employer contributions beginning after six months for new employees. Pension expense for the years ending December 31, 2009 and 2008 was \$30,769 and, \$25,846, respectively.

**GOVERNMENT ACCOUNTABILITY PROJECT  
STATEMENTS OF FUNCTIONAL EXPENSES  
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

	2009				2008				
	Program Services	General & Administrative		Total	Program Services	Fundraising		General & Administrative	Total
		Fundraising	Administrative			Administrative	Fundraising		
Salaries	\$ 1,008,068	\$ 84,416	\$ 60,563	\$ 1,153,047	\$ 1,136,893	\$ 53,092	\$ 42,925	\$ 1,232,910	
Employee benefits and taxes	288,939	18,380	9,759	317,078	285,576	14,037	15,999	315,612	
Total salaries and benefits	1,297,007	102,796	70,322	1,470,125	1,422,469	67,129	58,924	1,548,522	
Advertising	1,287	94	48	1,429	3,462	119	251	3,832	
Interest	-	-	-	-	484	13	14	511	
Insurance - general	7,304	507	223	8,034	6,160	538	370	7,068	
Contributions	-	-	-	-	35,000	-	-	35,000	
Deposition and arbitration fees	30,324	64	12	30,400	924	44	47	1,015	
Direct mail	12,342	233,446	-	245,788	-	236,782	-	236,782	
Dues and subscriptions	12,194	576	630	13,400	5,543	155	241	5,939	
Equipment rental and repairs	4,071	239	157	4,467	15,262	778	1,384	17,424	
Lobbying expense	8,300	-	-	8,300	10,454	60	41	10,555	
Miscellaneous	4,727	716	63	5,506	1,548	42	100	1,690	
Office rent and storage	118,314	7,785	3,323	129,622	129,550	5,543	7,420	142,513	
Office supplies and expense	21,969	1,063	712	23,744	34,707	430	484	35,621	
Postage	6,865	1,181	252	8,298	5,412	870	219	6,501	
Printing and newsletter	23,348	14,262	862	38,472	46,974	1,436	3,151	51,561	
Professional fees	271,009	4,444	5,920	281,373	257,118	3,699	6,762	267,579	
Teleconferencing	38,384	19,192	-	57,576	-	126,643	-	126,643	
Telephone	19,070	1,311	766	21,147	20,622	1,471	1,340	23,433	
Travel and meetings	63,274	500	545	64,319	52,639	1,301	927	54,867	
Depreciation	11,916	-	-	11,916	12,969	-	-	12,969	
<b>TOTAL EXPENSES</b>	<b>\$ 1,951,705</b>	<b>\$ 388,176</b>	<b>\$ 84,035</b>	<b>\$ 2,423,916</b>	<b>\$ 2,061,297</b>	<b>\$ 447,053</b>	<b>\$ 81,675</b>	<b>\$ 2,590,025</b>	

See Notes to Consolidated Financial Statements.

**GOVERNMENT ACCOUNTABILITY PROJECT  
STATEMENTS OF PROGRAM EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Corporate Campaign	Environmental	International	Homeland Security / Government Employee	Nuclear	Public Health / Whistleblowers	Hanford Challenge/ Sponsored Projects	PROGRAM TOTAL
Salaries	\$ 31,189	\$ 22,700	\$ 140,363	\$ 332,876	\$ 9,811	\$ 471,129	\$ -	\$ 1,008,068
Employee benefits and taxes	7,885	6,443	33,594	96,554	2,857	141,606	-	288,939
Total salaries and benefits	39,074	29,143	173,957	429,430	12,668	612,735	-	1,297,007
Advertising	45	4	162	390	-	686	-	1,287
Interest	-	-	-	-	-	-	-	-
Insurance - general	267	43	945	2,402	-	3,647	-	7,304
Contributions	-	-	-	-	-	-	-	-
Deposition and arbitration fees	18	1,612	202	15,556	11,624	1,312	-	30,324
Direct mail	-	-	-	-	-	12,342	-	12,342
Dues and subscriptions	217	197	1,257	3,776	24	6,723	-	12,194
Equipment rental and repairs	115	104	484	1,352	23	1,993	-	4,071
Lobbying expense	-	-	-	-	8,300	-	-	8,300
Miscellaneous	63	78	408	1,152	58	2,968	-	4,727
Office rent and storage	3,835	1,439	14,344	41,219	899	56,578	-	118,314
Office supplies and expense	523	211	1,943	5,227	98	13,967	-	21,969
Postage	191	136	883	2,227	32	3,374	22	6,865
Printing and newsletter	472	169	2,570	7,495	73	12,569	-	23,348
Professional fees	4,343	125,620	22,613	41,096	3,456	61,856	12,025	271,009
Telecanvassing	-	-	-	-	-	38,384	-	38,384
Telephone	676	302	2,440	6,671	189	8,792	-	19,070
Travel and meetings	378	2,072	7,778	3,740	29,306	14,799	5,201	63,274
Depreciation	-	-	-	-	-	11,916	-	11,916
<b>TOTAL EXPENSES</b>	<b>\$ 50,217</b>	<b>\$ 161,130</b>	<b>\$ 229,986</b>	<b>\$ 561,733</b>	<b>\$ 66,750</b>	<b>\$ 864,641</b>	<b>\$ 17,248</b>	<b>\$ 1,951,705</b>

See Notes to Consolidated Financial Statements.