OAO Mohn & Allen, PC
Certified Public Accountants

Harold L. Mohn, Jr.
James G. Z. Allen
Emily K. Hardy
H. Mark Alexander, Jr.
R. Scott Handel
(1964-2008)

Alice L. Orzechowski
Consultant

May 4, 2011

Board of Directors
Government Accountability Project (GAP)
Washington, DC

Dear Board of Directors:

We have audited the financial statements of Government Accountability Project (GAP) for the year ended December 31, 2010, and have issued our report thereon dated May 4, 2011. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated January 28, 2011. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Government Accountability Project (GAP) are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended December 31, 2010. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

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Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We proposed no audit adjustments for the year ending December 31, 2010.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated May 4, 2011.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Information in Documents Containing Audited Financial Statements

This information is intended solely for the use of Board of Directors and management of the Government Accountability Project (GAP) and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

OAO Mohn & Allen, P.C.

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May 4, 2011

Government Accountability Project (GAP)
Washington, DC

To Management and the Board of Directors:

In planning and performing our audit of the financial statements of Government Accountability Project (GAP) as of and for the year ended December 31, 2010, in accordance with auditing standards generally accepted in the United States of America, we considered Government Accountability Project's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Government Accountability Project's internal control. Accordingly, we do not express an opinion on the effectiveness of Government Accountability Project's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. A material weakness is a deficiency or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

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This communications is intended solely for the information and use of management, Government Accountability Project's Board of Directors, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

OAO Mohn & Allen, P.C.

OAO Mohn & Allen, P.C.

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

FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

CONTENTS

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INDEPENDENT AUDITORS' REPORT

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, 2010 and 2009, 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, 2010 and 2009, 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.

May 4, 2011

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GOVERNMENT ACCOUNTABILITY PROJECT
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2010 AND 2009

	2010	2009
ASSETS		
Cash	$ 906,054	$ 608,333
Investments	6,763	6,521
Fees and services receivable	92,012	38,812
Grants and contributions receivable	-	171,833
Prepaid expenses	33,300	29,257
Book inventory	260	1,718
Property and equipment, net	21,597	22,260
Deposits	5,695	5,695
TOTAL ASSETS	$ 1,065,681	$ 884,429
LIABILITIES		
Accounts payable and accrued expenses	$ 157,009	$ 159,725
Line of credit payable	-	50
Escrow client funds	5,937	6,851
TOTAL LIABILITIES	162,946	166,626
NET ASSETS		
Unrestricted	490,317	676,491
Temporarily restricted	412,418	41,312
TOTAL NET ASSETS	902,735	717,803
TOTAL LIABILITIES AND NET ASSETS	$ 1,065,681	$ 884,429

See Notes to Financial Statements.

GOVERNMENT ACCOUNTABILITY PROJECT
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010	2009
CHANGES IN UNRESTRICTED NET ASSETS		
SUPPORT AND REVENUE		
Contributions	$ 494,697	$ 334,026
Grants	1,741,314	1,725,038
Fees recognized	24,042	97,593
Other income	1,079	213
Interest and dividends	5,035	17,159
Realized loss on investment and disposition of assets	(2,535)	(69)
TOTAL UNRESTRICTED SUPPORT AND REVENUE	2,263,632	2,173,960
NET ASSETS RELEASED FROM RESTRICTIONS	41,312	10,707
TOTAL UNRESTRICTED SUPPORT AND REVENUE AND NET ASSETS RELEASED FROM RESTRICTIONS	2,304,944	2,184,667
EXPENSES		
Program services	2,123,251	1,951,705
Fundraising	339,458	388,176
General and administrative	28,409	84,035
TOTAL EXPENSES	2,491,118	2,423,916
(DECREASE) INCREASE IN UNRESTRICTED NET ASSETS	(186,174)	(239,249)
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS		
SUPPORT		
Grants	412,418	41,312
TOTAL TEMPORARILY RESTRICTED SUPPORT	412,418	41,312
NET ASSETS RELEASED FROM RESTRICTIONS	(41,312)	(10,707)
INCREASE (DECREASE) IN TEMORARILY RESTRICTED NET ASSETS	371,106	30,605
INCREASE (DECREASE) IN NET ASSETS	184,932	(208,644)
NET ASSETS AT BEGINNING OF YEAR	717,803	926,447
NET ASSETS AT END OF YEAR	$ 902,735	$ 717,803

See Notes to Financial Statements.

GOVERNMENT ACCOUNTABILITY PROJECT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	$ 184,932	$ (208,644)
Adjustments to reconcile increase / decrease in net assets to net cash provided by / (used in) operating activities:		
Depreciation	11,882	11,916
Loss on disposition of assets	2,497	-
(Increase) decrease in operating assets:		
Fees receivable	(53,200)	(9,786)
Grants receivable	171,833	(21,833)
Prepaid expenses	(4,043)	(8,742)
Inventory	1,458	144
Increase (decrease) in operating liabilities:		
Accounts payable	(2,716)	9,208
Client escrow funds	(914)	(9,361)
NET CASH PROVIDED BY / (USED IN) OPERATING ACTIVITIES	311,729	(237,098)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of furniture and equipment	(13,716)	(7,898)
Contributed investments	(242)	(5,933)
NET CASH (USED) BY INVESTING ACTIVITIES	(13,958)	(13,831)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments on loan payable	-	(25,500)
Proceeds from (payments on) line of credit	(50)	(50)
NET CASH PROVIDED BY/(USED IN) FINANCING ACTIVITIES	(50)	(25,550)
NET INCREASE / (DECREASE) IN CASH	297,721	(276,479)
CASH, BEGINNING OF YEAR	608,333	884,812
CASH, END OF YEAR	$ 906,054	$ 608,333

SUPPLEMENTAL INFORMATION:		
Actual cash payments for interest	$ 236	$ -

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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Concentration of Credit Risk

GAP maintains cash deposit with various banks. Accounts are insured by the Federal Deposit Insurance Corporation (FDIC) for up to $250,000. GAP had bank deposits at one institution that exceeded the FDIC insurance level by $505,532 at December 31, 2010. 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:

	2010	2009
Furniture and fixtures	$ 4,072	$ 7,828
Equipment	51,975	108,341
	56,047	116,169
Less: accumulated depreciation	(34,450)	(93,909)
	$ 21,597	$ 22,260

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, 2010 and 2009 was $-0-. 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, 2010 and 2009, were $-0- and $50, respectively.

NOTE 6 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

	2010	2009
Corporate	$ -	$ 38,617
Enironmental	13,263	-
Nuclear (Russia)	31,239	2,695
Restricted for time	367,916	-
	$ 412,418	$ 41,312

NOTE 7 – LEASE COMMITMENTS

GAP leases office space in Washington D.C under an agreement which expired on November 30, 2010 and was extended for a period of four years commencing on December 1, 2010 and terminating on October 31, 2014 with extended monthly payments of $14,000, and provides for annual 3% rent increases. GAP leased additional space under this lease during 2010. Total rent expense for this lease was $135,143 and $127,537 for the years ended December 31, 2010 and 2009, respectively.

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

Future Minimum Rental Payments	
2011	168,835
2012	173,900
2013	179,117
2014	152,977
	674,829

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, 2010 and 2009 was $33,757 and, $30,769, respectively.

NOTE 9 – INCOME TAXES

Governmental Accountability Project (GAP) is a not-for-profit organization that is exempt from federal and state income taxes under Section 501(c) (3) of the Internal Revenue Code. No provision for income taxes is required at December 31, 2010, as GAP has no unrelated business income. GAP's federal tax returns for 2007, 2008 and 2009 are subject to audit and adjustment by the relevant tax authority, generally for three years after they were filed.

In June 2006, the Financial Accounting Standards Board (FASB) released FASB ASC 740-10, *Income Taxes*, that provide guidance for reporting uncertainty in income taxes. For the year ended December 31, 2010, GAP has documented its consideration of FASB ASC 740-10 and determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements.

Supplemental Information

GOVERNMENT ACCOUNTABILITY PROJECT
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010				2009			
	Program Services	Fundraising	General & Administrative	**Total**	Program Services	Fundraising	General & Administrative	**Total**
Salaries	$ 1,097,529	$ 33,855	$ 18,835	**$ 1,150,219**	$ 1,008,068	$ 84,416	$ 60,563	**$ 1,153,047**
Employee benefits and taxes	365,918	9,299	5,021	**380,238**	288,939	18,380	9,759	**317,078**
Total salaries and benefits	1,463,447	43,154	23,856	**1,530,457**	1,297,007	102,796	70,322	**1,470,125**
Advertising	1,402	102	29	**1,533**	1,287	94	48	**1,429**
Interest	226	6	4	**236**	-	-	-	**-**
Insurance - general	8,021	202	127	**8,350**	7,304	507	223	**8,034**
Contributions	140	5	3	**148**	-	-	-	**-**
Deposition and arbitration fees	(4,732)	137	63	**(4,532)**	30,324	64	12	**30,400**
Direct mail	14,554	230,654	21	**245,229**	12,342	233,446	-	**245,788**
Dues and subscriptions	12,846	484	108	**13,438**	12,194	576	630	**13,400**
Equipment rental and repairs	3,743	123	47	**3,913**	4,071	239	157	**4,467**
Lobbying expense	-	-	-	**-**	8,300	-	-	**8,300**
Miscellaneous	3,834	207	20	**4,061**	4,727	716	63	**5,506**
Office rent and storage	131,979	3,894	1,762	**137,635**	118,314	7,785	3,523	**129,622**
Office supplies and expense	18,646	2,228	162	**21,036**	21,969	1,063	712	**23,744**
Postage	5,787	550	40	**6,377**	6,865	1,181	252	**8,298**
Printing and newsletter	45,393	931	545	**46,869**	23,348	14,262	862	**38,472**
Professional fees	315,293	2,537	1,090	**318,920**	271,009	4,444	5,920	**281,373**
Telecanvassing	-	53,251	-	**53,251**	38,384	19,192	-	**57,576**
Telephone	20,275	617	279	**21,171**	19,070	1,311	766	**21,147**
Travel and meetings	70,515	376	253	**71,144**	63,274	500	545	**64,319**
Depreciation	11,882	-	-	**11,882**	11,916	-	-	**11,916**
TOTAL EXPENSES	$ 2,123,251	$ 339,458	$ 28,409	**$2,491,118**	$ 1,951,705	$ 388,176	$ 84,035	**$2,423,916**

See Notes to Consolidated Financial Statements.

GOVERNMENT ACCOUNTABILITY PROJECT
STATEMENTS OF PROGRAM EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2010

	Corporate Campaign	Environmental	International	Homeland Security / Government Employee	Nuclear	Public Health / Whistleblowers	PROGRAM TOTAL
Salaries	$ 53,420	$ 11,808	$ 150,014	$ 348,120	$ 14,975	$ 519,192	$ 1,097,529
Employee benefits and taxes	15,059	3,367	45,688	115,554	4,900	181,350	365,918
Total salaries and benefits	68,479	15,175	195,702	463,674	19,875	700,542	1,463,447
Advertising	55	4	166	451	12	714	1,402
Interest	10	1	28	76	2	109	226
Insurance - general	375	45	953	2,323	30	4,295	8,021
Contributions	6	-	17	47	1	69	140
Deposition and arbitration fees	154	113	623	(7,606)	30	1,954	(4,732)
Direct mail	40	12	165	351	3	13,983	14,554
Dues and subscriptions	402	133	1,808	3,780	62	6,661	12,846
Equipment rental and repairs	126	63	608	994	45	1,907	3,743
Miscellaneous	121	24	281	712	30	2,666	3,834
Office rent and storage	5,324	1,110	17,582	42,238	1,678	64,047	131,979
Office supplies and expense	547	183	1,800	4,034	125	11,957	18,646
Postage	139	33	727	1,266	30	3,592	5,787
Printing and newsletter	1,648	448	5,506	11,819	505	25,467	45,393
Professional fees	20,013	82,028	21,554	53,052	3,497	135,149	315,293
Telecanvassing	-	-	-	-	-	-	-
Telephone	717	300	2,541	6,887	238	9,592	20,275
Travel and meetings	557	1,689	6,484	5,329	293	56,163	70,515
Depreciation	-	-	-	-	-	11,882	11,882
TOTAL EXPENSES	$ 98,713	$ 101,361	$ 256,545	$ 589,427	$ 26,456	$ 1,050,749	$ 2,123,251

See Notes to Consolidated Financial Statements.