

**CENTER FOR AUTO SAFETY
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
JUNE 30, 2011 AND 2010**

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Chaconas & Wilson, P.C.

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Center for Auto Safety
Washington, DC

We have audited the accompanying statements of financial position of the Center for Auto Safety as of June 30, 2011 and 2010, the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Organization'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 the 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 the 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 that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Center for Auto Safety as of June 30, 2011 and 2010 and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Chaconas & Wilson, P.C.

October 5, 2011

CENTER FOR AUTO SAFETY
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2011 AND 2010

ASSETS

	2011	2010
CURRENT ASSETS:		
Cash and cash equivalents (Note 2)	\$ 126,192	\$ 184,136
Accounts receivable (Note 2)	6,352	7,312
Contributions receivable (Note 2)	13,219	7,510
Prepaid expenses	1,314	1,284
Total Current Assets	\$ 147,077	\$ 200,242
PROPERTY AND EQUIPMENT, at cost (Note 2)		
Furniture and equipment	\$ 147,492	\$ 147,492
Less, accumulated depreciation	(147,492)	(146,187)
Property and Equipment, net	\$ -	\$ 1,305
OTHER ASSETS		
Investments (Notes 2, 4 and 5)	\$ 525,646	\$ 441,533
Security deposit	6,313	6,313
Total Other Assets	\$ 531,959	\$ 447,846
TOTAL ASSETS	\$ 679,036	\$ 649,393

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accrued payroll	\$ 13,270	\$ 12,423
NET ASSETS:		
Unrestricted	\$ 551,183	\$ 509,887
Temporarily restricted (Note 2 and 9)	114,583	127,083
Total Net Assets	\$ 665,766	\$ 636,970
TOTAL LIABILITIES AND NET ASSETS	\$ 679,036	\$ 649,393

The accompanying notes are an integral part of these financial statements.

CENTER FOR AUTO SAFETY

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

	2011		
	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE:			
Contributions (Note 2)	\$ 243,446	\$ 375,000	\$ 618,446
Publications/library	15,360	-	15,360
Net investment gain (Note 4)	93,914	-	93,914
Net assets released from retriCTION: satisfaction of program accomplishment	387,500	(387,500)	-
Total Support and Revenue	\$ 740,220	\$ (12,500)	\$ 727,720
EXPENSES:			
Program services:			
Vehicle Safety Project	\$ 243,867	\$ -	\$ 243,867
Safe Climate Campaign	261,287	-	261,287
Membership Services	74,740	-	74,740
Publications	21,676	-	21,676
Energy Conservation Project	23,198	-	23,198
Total Program Services	\$ 624,768	\$ -	\$ 624,768
Supporting services:			
Management and general	\$ 24,464	\$ -	\$ 24,464
Development	49,692	-	49,692
Total Supporting Services	\$ 74,156	\$ -	\$ 74,156
Total Expenses	\$ 698,924	\$ -	\$ 698,924
CHANGE IN NET ASSETS	\$ 41,296	\$ (12,500)	\$ 28,796
NET ASSETS, BEGINNING OF YEAR	509,887	127,083	636,970
NET ASSETS, END OF YEAR	\$ 551,183	\$ 114,583	\$ 665,766

The accompanying notes are an integral part of these financial statements.

2010		
Unrestricted	Temporarily Restricted	Total
\$ 291,400	\$ 385,000	\$ 676,400
21,118	-	21,118
52,994	-	52,994
<u>442,726</u>	<u>(442,726)</u>	<u>-</u>
<u>\$ 808,238</u>	<u>\$ (57,726)</u>	<u>\$ 750,512</u>
\$ 235,573	\$ -	\$ 235,573
246,212	-	246,212
81,151	-	81,151
24,288	-	24,288
20,900	-	20,900
<u>\$ 608,124</u>	<u>\$ -</u>	<u>\$ 608,124</u>
\$ 23,390	\$ -	\$ 23,390
48,541	-	48,541
<u>\$ 71,931</u>	<u>\$ -</u>	<u>\$ 71,931</u>
<u>\$ 680,055</u>	<u>\$ -</u>	<u>\$ 680,055</u>
\$ 128,183	\$ (57,726)	\$ 70,457
<u>381,704</u>	<u>184,809</u>	<u>566,513</u>
<u>\$ 509,887</u>	<u>\$ 127,083</u>	<u>\$ 636,970</u>

CENTER FOR AUTO SAFETY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2011

	Program Services						Supporting Services				Total Expenses
	Vehicle Safety Project	Safe Climate Campaign	Membership Services	Publications	Energy Conservation Project	Total Program Services	Management and General	Development	Total Supporting Services		
Salaries	\$ 88,192	\$ 185,000	\$ 15,750	\$ 7,875	\$ 13,876	\$ 310,693	\$ 10,875	\$ 6,938	\$ 17,813	\$ 328,506	
Payroll taxes	6,835	14,407	1,227	613	1,064	24,146	839	532	1,371	25,517	
Employee benefits	41,657	34,548	4,921	2,748	3,005	86,879	3,565	1,842	5,407	92,286	
Total personnel and related expenses	\$ 136,684	\$ 233,955	\$ 21,898	\$ 11,236	\$ 17,945	\$ 421,718	\$ 15,279	\$ 9,312	\$ 24,591	\$ 446,309	
Accounting	1,590	1,695	520	286	204	4,295	6,927	43	6,970	11,265	
Bank fees	-	-	1,514	-	-	1,514	-	-	-	1,514	
Computer services	323	-	-	67	-	390	-	-	-	390	
Equipment rental and maintenance	1,053	71	526	169	149	1,968	90	-	90	2,058	
Insurance	691	1,514	133	53	106	2,497	76	53	129	2,626	
Occupancy	61,250	20,250	27,500	8,750	3,750	121,500	1,750	1,750	3,500	125,000	
Printing and publications	7,596	-	7,840	154	137	15,727	81	9,882	9,963	25,690	
Postage and mailing	12,554	-	12,006	-	-	24,560	-	24,718	24,718	49,278	
Professional and temporary services	14,062	650	1,283	-	-	15,995	-	3,608	3,608	19,603	
Supplies and office expense	3,016	709	164	521	519	4,929	12	233	245	5,174	
Telephone	2,431	1,153	1,216	390	344	5,534	206	-	206	5,740	
Travel	2,160	802	-	10	-	2,972	-	-	-	2,972	
Total expenses before depreciation	\$ 243,410	\$ 260,799	\$ 74,600	\$ 21,636	\$ 23,154	\$ 623,599	\$ 24,421	\$ 49,599	\$ 74,020	\$ 697,619	
Depreciation	457	488	140	40	44	1,169	43	93	136	1,305	
Total expenses	\$ 243,867	\$ 261,287	\$ 74,740	\$ 21,676	\$ 23,198	\$ 624,768	\$ 24,464	\$ 49,692	\$ 74,156	\$ 698,924	

The accompanying notes are an integral part of this financial statement

CENTER FOR AUTO SAFETY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2010

	Program Services						Supporting Services			
	Vehicle Safety Project	Safe Climate Campaign	Membership Services	Publications	Energy Conservation Project	Total Program Services	Management and General	Development	Total Supporting Services	Total Expenses
Salaries	\$ 81,785	\$ 183,769	\$ 15,000	\$ 7,500	\$ 12,229	\$ 300,283	\$ 9,632	\$ 6,115	\$ 15,747	\$ 316,030
Payroll taxes	6,036	13,569	1,108	554	903	22,170	728	452	1,180	23,350
Employee benefits	31,789	21,759	11,214	4,197	2,525	71,484	3,716	1,442	5,158	76,642
Total personnel and related expenses	\$ 119,610	\$ 219,097	\$ 27,322	\$ 12,251	\$ 15,657	\$ 393,937	\$ 14,076	\$ 8,009	\$ 22,085	\$ 416,022
Accounting	3,351	3,422	1,200	635	514	9,122	5,594	41	5,635	14,757
Bank fees	-	-	-	-	-	-	1,599	-	1,599	1,599
Computer services	1,387	8	15	1,314	-	2,724	-	-	-	2,724
Equipment rental and maintenance	1,130	-	565	181	160	2,036	96	-	96	2,132
Insurance	659	1,446	127	51	102	2,385	84	51	135	2,520
Occupancy	59,177	19,565	26,570	8,453	3,623	117,388	1,691	1,691	3,382	120,770
Printing and publications	9,209	-	8,247	387	95	17,938	57	8,869	8,926	26,864
Postage and mailing	14,971	-	13,800	-	-	28,771	-	25,386	25,386	54,157
Professional and temporary services	19,409	-	1,301	-	-	20,710	-	3,697	3,697	24,407
Publications and subscriptions	607	-	-	-	-	607	-	-	-	607
Supplies and office expense	2,480	421	474	530	338	4,243	-	678	678	4,921
Telephone	2,437	1,090	1,218	391	345	5,481	125	-	125	5,606
Travel	564	565	113	36	15	1,293	7	7	14	1,307
Total expenses before depreciation	\$ 234,991	\$ 245,614	\$ 80,952	\$ 24,229	\$ 20,849	\$ 606,635	\$ 23,329	\$ 48,429	\$ 71,758	\$ 678,393
Depreciation	582	598	199	59	51	1,489	61	112	173	1,662
Total expenses	\$ 235,573	\$ 246,212	\$ 81,151	\$ 24,288	\$ 20,900	\$ 608,124	\$ 23,390	\$ 48,541	\$ 71,931	\$ 680,055

The accompanying notes are an integral part of this financial statement

CENTER FOR AUTO SAFETY

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 28,796	\$ 70,457
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	1,305	1,662
Unrealized gain on investments	(84,597)	(42,575)
(Increase) decrease in assets:		
Accounts receivable	960	1,730
Contributions receivable	(5,709)	(2,085)
Prepaid expenses	(30)	(16)
Increase (decrease) in liabilities:		
Accounts payable	-	(3,774)
Accrued payroll	847	(18,053)
Net Cash Provided by (Used in) Operating Activities	\$ (58,428)	\$ 7,346
CASH FLOWS FROM INVESTING ACTIVITIES:		
Maturities of investments	9,282	9,818
Purchase of investments	(8,798)	(9,510)
Net Cash Provided by Investing Activities	\$ 484	\$ 308
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ (57,944)	\$ 7,654
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	184,136	176,482
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 126,192	\$ 184,136

The accompanying notes are an integral part of these financial statements.

CENTER FOR AUTO SAFETY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

Note 1. Organization:

The Center for Auto Safety, Inc. (CAS) is a not-for-profit organization formed in 1970 to analyze the problems of motor vehicle and highway safety and related problems, and to make available the results of research studies, investigations, evaluations and surveys to the public and other organizations with an interest in safer motor vehicles and highways. CAS's program areas are:

Vehicle Safety Project – Research and analysis on vehicle safety and reliability, fuel, economy, emissions and warranty issues.

Safe Climate Campaign – The Safe Climate Campaign seeks to reduce global warming by educating consumers, automakers and regulators about clean vehicles and by working with Federal and State regulators to issue and implement effective fuel economy regulations and pollution reduction programs.

Membership Services – Member services are provided to individuals who have a common interest in auto safety to form an effective channel of communication throughout the membership.

Publications – writing, production and distribution of newsletters, books and pamphlets on various vehicle and highway design issues.

Energy Conservation Project – Evaluation feasibility of higher fuel economy standards for automobiles, development safety and fuel economy clearinghouse for interested organizations and the public.

Note 2. Summary of Significant Accounting Policies:

Method of Accounting

The financial statements have been prepared on the accrual basis of accounting.

Contributions

CAS recognizes contribution revenue when an unconditional pledge is made or when cash is received if a pledge was not made. Contributions received are reported as unrestricted, temporarily restricted, or permanently restricted, based on donor intent.

Cash Equivalents

CAS considers all short term investments with original maturities of three months or less to be cash equivalents.

CAS's demand deposits with financial institutions at times exceeded federally insured limits. CAS has not experienced any losses in such accounts and management believes the CAS is not exposed to any significant risks.

CENTER FOR AUTO SAFETY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2011 AND 2010

Note 2. **Summary of Significant Accounting Policies:** (Continued)

Accounts Receivable

CAS considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is made. If accounts become uncollectible they will be charged to operations when that determination is made. If the allowance method was used instead, the results would not be materially different.

Investments

Investments are recorded at estimated fair values based on quoted market prices provided by the investment managers. Realized and unrealized gains and losses are included with investment income in the statements of activities as increases or decreases in unrestricted net assets unless restricted by donor or by law.

Furniture and Equipment

Furniture and equipment are stated at cost. Depreciation is calculated on a straight line basis over a three year or five year estimated useful life. CAS capitalizes property and equipment purchases of \$500 or more.

Classes of Net Assets

CAS is required to report its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Unrestricted net assets are net assets without a donor imposed time and/or program restriction. The funds are available for general operating purposes.

Temporarily restricted net assets are contributions with donor-imposed time and/or program restrictions. These temporary restrictions require that resources be used for specific purposes and/or in a later period or after a specified date. Temporarily restricted net assets become unrestricted when the time restrictions expire or the funds are used for their restricted purposes and are reported in the accompanying statements of activities as net assets released from restrictions. This method of accounting is also followed when the restrictions on contributions are met in the same period that the contributions are received.

Permanently restricted net assets must be maintained by CAS in perpetuity. There were no permanently restricted net assets as of June 30, 2011 or 2010.

CENTER FOR AUTO SAFETY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011 AND 2010

Note 2. **Summary of Significant Accounting Policies (Concluded):**

Functional Allocation of Expenses

The allocation of the costs of providing various programs has been summarized on a functional basis in the accompanying statements of functional expenses. Accordingly, certain indirect costs have been allocated to program and supporting activities based on management's estimate of effort devoted to these activities.

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Accounting for Uncertainty in Income Taxes

CAS has adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) FASB ASC 740-10, *Income Taxes*, which prescribes measurement and disclosure requirements for current and deferred income tax provisions. The interpretation provides for a consistent approach in identifying and reporting uncertain tax positions. It is management's belief that CAS does not hold any uncertain tax positions.

Subsequent events

CAS has evaluated all subsequent events through October 5, 2011 which is the date the financial statements were available to be issued. No subsequent events requiring disclosure or reporting were identified.

Note 3. **Tax Status:**

CAS has been recognized as exempt from federal income tax by the Internal Revenue Service under the provisions of Section 501(c)(3) of the Internal Revenue Code, and is classified as an organization that is not a private foundation.

Note 4 **Investments:**

Investments consist of mutual equity and money market funds. The investment account is not federally insured. As of June 30, 2011 and 2010, the balance of investments was \$525,646 and \$441,533, respectively.

The fair value of investments in mutual and money market funds are based on quoted prices in active markets provided by the custodian and are considered level 1 observable inputs as defined by FASB ASC 820-10 (See Note 5).

CENTER FOR AUTO SAFETY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2011 AND 2010

Note 4. Investments (Concluded):

Investment income is comprised of the following at June 30:

	2011	2010
Interest and dividends	\$ 8,947	\$ 9,659
Net realized and unrealized gain	84,597	42,575
Total	\$ 93,544	\$ 52,234

CAS's demand deposit accounts earned \$370 and \$760 for the years ended June 30, 2011 and 2010, respectively.

Note 5. Fair Value Measurements

FASB ASC 820-10 *Fair Value Measurement and Disclosure*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. In accordance with FASB ASC 820-10, fair value is defined as the price that the CAS would receive to sell an investment or to pay to transfer a liability in an orderly transaction with an independent counterparty in the principal market, or in the absence of a principal market, the most advantageous market for the investment or liability. The FASB ASC 820-10 hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets and Level 3 inputs have the lowest priority. CAS uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments.

CAS's investments in equity securities are reported at fair value in the accompanying statements of financial position.

	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Inputs other than quoted prices identical Assets (Level 2)	Significant Unobservable Inputs (Level 3)
Balance as of June 30, 2011				
Money market funds	\$ 2,416	\$ 2,416	\$ ---	\$ ---
Equity Mutual Funds	523,230	523,230	---	---
Total	\$ 525,646	\$ 525,646	\$ ---	\$ ---
Balance as of June 30, 2010				
Money market funds	\$ 2,900	\$ 2,900	\$ ---	\$ ---
Equity Mutual Funds	438,633	438,633	---	---
Total	\$ 441,533	\$ 441,533	\$ ---	\$ ---

CENTER FOR AUTO SAFETY
NOTES TO FINANCIAL STATEMENTS (CONCLUDED)
JUNE 30, 2011 AND 2010

Note 6. Loans:

CAS has the ability to borrow money in the form of a margin loan from CAS's investment custodian. The loan is secured by CAS's investment held by the custodian. No borrowings were made during the years ended June 30, 2011 or 2010.

Note 7. Pension Plan:

CAS maintains a defined contribution Simplified Employee Pension Plan (SEP) covering all employees who have been employed for a minimum of three years and have attained the age of 21. The SEP is an employer contribution plan and requires no matching contribution from the participants. Any contributions by CAS are discretionary. Contributions by CAS to the Plan during the years ended June 30, 2011 and 2010 were \$24,102 and \$12,984, respectively. These amounts are included in "employee benefits" on the accompanying statements of functional expenses.

Note 8. Operating Lease:

CAS leases office space under a ten year lease agreement that expires May 31, 2015. The lease contains provisions for annual rental increases (base upon the cost-of living index), operating expenses and real estate taxes of the landlord. The future minimum lease payments required under this lease for the years ending June 30 are:

2012	\$	117,425
2013		120,370
2014		123,378
2015		<u>115,693</u>
Total		<u>\$ 476,866</u>

Rent expense was \$125,000 and \$120,770 for the years ended June 30, 2011 and 2010, respectively.

Note 9. Temporarily Restricted Net Assets:

Temporarily restricted net assets as of June 30, 2011 and 2010 were available for the following purposes:

Safe Climate Campaign	\$	<u>114,583</u>	\$	<u>127,083</u>
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