

FAITH AND POLITICS INSTITUTE

FINANCIAL STATEMENTS AND
AUDITORS' REPORT

DECEMBER 31, 2007 AND 2006

STRACK | STANFIELD, LLC

CERTIFIED PUBLIC ACCOUNTANTS

FAITH AND POLITICS INSTITUTE

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STRACK | STANFIELD, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
FAITH AND POLITICS INSTITUTE

We have audited the accompanying statement of financial position of FAITH AND POLITICS INSTITUTE as of December 31, 2007 and 2006 and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the management of FAITH AND POLITICS INSTITUTE. Our responsibility is to express an opinion on the financial statements based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards. 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 audit provides 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 FAITH AND POLITICS INSTITUTE as of December 31, 2007 and 2006 and the changes in net assets and its cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

We conducted our audits in accordance with U.S. generally accepted auditing standards for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information on page 9 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Rockville, Maryland
February 22, 2008

FAITH AND POLITICS INSTITUTE
 STATEMENTS OF FINANCIAL POSITION
 DECEMBER 31, 2007 AND 2006

ASSETS

	<u>2007</u>	<u>2006</u>
Cash and cash equivalents	\$ 215,636	\$ 195,563
Accounts receivable	-	1,601
Investments (NOTE 3)	10,391	10,867
Prepaid expenses	15,201	6,845
Furniture and equipment, net of accumulated depreciation and amortization (NOTE 4)	<u>29,571</u>	<u>44,125</u>
TOTAL ASSETS	<u>\$ 270,799</u>	<u>\$ 259,001</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable and accrued expenses	\$ 27,045	\$ 8,103
Deferred grant revenue	98,485	38,034
Capital lease obligation (NOTE 6)	<u>12,463</u>	<u>16,282</u>
Total Liabilities	<u>137,993</u>	<u>62,419</u>

NET ASSETS

Unrestricted	32,806	196,582
Temporarily restricted (NOTE 7)	<u>100,000</u>	<u>-</u>
Total Net Assets	<u>132,806</u>	<u>196,582</u>

TOTAL LIABILITIES AND NET ASSETS	<u>\$ 270,799</u>	<u>\$ 259,001</u>
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The accompanying notes are an integral part
of these financial statements.

FAITH AND POLITICS INSTITUTE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2007
WITH COMPARATIVE TOTALS FOR 2006

	2007		2006
	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL
REVENUE AND SUPPORT			
Contributions	\$ 567,165	\$ 174,850	\$ 742,015
Foundation support	153,349	14,500	167,849
In-kind support (NOTE 5)	15,025	-	15,025
Program service fees	53,885	-	53,885
Investment and other income	<u>8,275</u>	<u>-</u>	<u>8,275</u>
TOTAL REVENUE AND SUPPORT	797,699	189,350	987,049
NET ASSETS RELEASED FROM RESTRICTIONS	<u>89,350</u>	<u>(89,350)</u>	<u>-</u>
TOTAL REVENUE AND SUPPORT	<u>887,049</u>	<u>100,000</u>	<u>987,049</u>
EXPENSES			
Programs	642,540	-	642,540
General and administrative	238,666	-	238,666
Fundraising	<u>169,619</u>	<u>-</u>	<u>169,619</u>
TOTAL EXPENSES	<u>1,050,825</u>	<u>-</u>	<u>1,050,825</u>
CHANGE IN NET ASSETS	(163,776)	100,000	(63,776)
NET ASSETS BEGINNING OF YEAR	<u>196,582</u>	<u>-</u>	<u>196,582</u>
END OF YEAR	<u>\$ 32,806</u>	<u>\$ 100,000</u>	<u>\$ 132,806</u>
			<u>\$ 707,564</u>
			<u>249,109</u>
			<u>2,706</u>
			<u>6,625</u>
			<u>16,058</u>
			<u>982,062</u>
			<u>-</u>
			<u>982,062</u>
			<u>492,182</u>
			<u>327,871</u>
			<u>262,991</u>
			<u>1,083,044</u>
			<u>(100,982)</u>
			<u>297,564</u>
			<u>\$ 196,582</u>

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

FAITH AND POLITICS INSTITUTE
 STATEMENTS OF CASH FLOWS
 FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

	<u>2007</u>	<u>2006</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (63,776)	\$ (100,982)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	14,554	16,089
Loss (gain) on investments	476	(784)
Donated securities	-	(10,000)
Changes in operating assets and liabilities:		
Prepaid expenses	(8,356)	(715)
Accounts receivable	1,601	57,454
Accounts payable	18,942	(13,091)
Deferred grant revenue	<u>60,451</u>	<u>(25,188)</u>
Net Cash Provided By (Used For) Operating Activities	<u>23,892</u>	<u>(77,217)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	-	356
Purchases of furniture and office equipment	<u>-</u>	<u>(20,518)</u>
Net Cash (Used For) Investing Activities	<u>-</u>	<u>(20,162)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of capital lease obligation	<u>(3,819)</u>	<u>(3,663)</u>
NET INCREASE (DECREASE) IN CASH	20,073	(101,042)
CASH		
Beginning of year	<u>195,563</u>	<u>296,605</u>
End of year	<u>\$ 215,636</u>	<u>\$ 195,563</u>
SUPPLEMENTAL CASH FLOW INFORMATION:		
Interest paid	<u>\$ 609</u>	<u>\$ 765</u>

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

FAITH AND POLITICS INSTITUTE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006

1. ORGANIZATION AND PURPOSE

The FAITH AND POLITICS INSTITUTE (the Institute) was organized in 1991 for the purpose of facilitating spiritual growth and moral and ethical reflection among persons actively engaged in the political life of the United States at the local, state, and federal level. The mission is accomplished by creating opportunities for members of Congress and their staffs that facilitate dialogue on moral and ethical issues such as race, economic life, and conflict resolution. The Institute is a District of Columbia not-for-profit organization recognized as tax exempt under section 501(c)(3) of the Internal Revenue Code as other than a private foundation. The Institute receives its support mainly from public contributions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Institute's financial statements are prepared on the accrual basis of accounting. Therefore, revenue and related assets are recognized when earned and expenses and related liabilities are recognized as the obligations are incurred.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Institute 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. SFAS No. 117 also requires the Institute to report expenses as a decrease in unrestricted net assets whether they are incurred to satisfy a donor's restrictions or not.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Comparative Information

The statement of activities includes certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Institute's financial statements for the year ended December 31, 2006 from which the summarized information was derived.

FAITH AND POLITICS INSTITUTE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2007 AND 2006

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions

The Institute records contributions and unconditional promises to give at fair value as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions, including inherent time restrictions. When a time restriction ends or a donor restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions with donor restrictions that are met in the same reporting period are reported as unrestricted support.

Foundation and Other Grants

Grants are received primarily from private foundations. Revenue is recognized as reimbursable expenses are incurred. Advances in excess of reimbursable expenses incurred result in deferred revenue.

Cash and Cash Equivalents

The Institute considers all demand deposits in banks and highly liquid investments with an original maturity of three months or less to be cash equivalents for purposes of the statement of cash flows. Balances in bank accounts occasionally exceed \$100,000, which is the maximum amount covered by federal depository insurance. Management, however, does not consider this to be a significant concentration of credit risk.

Investments

Investments are carried at market value as determined by the investment custodian based on market quotations. Investment income, including realized and unrealized gains or losses, is included in the statement of activities as an increase or decrease in unrestricted net assets unless the income is restricted by the donor.

Furniture and Equipment

Furniture and equipment are carried at cost. Depreciation is recorded in amounts sufficient to relate the cost of depreciable assets to operations over estimated useful lives of three to seven years, using the straight-line method. Maintenance and repairs are expensed as incurred. Major renewals and betterments are capitalized.

Expense Allocation

The costs of providing various programs have been summarized on a functional basis in the statement of activities. Personnel and occupancy expenses are allocated among the programs and supporting services benefited based on time incurred by Institute personnel in such functions

Allowance for Doubtful Accounts

The Institute's accounts receivable are fully collectible. Accordingly, an allowance for doubtful accounts is not considered necessary.

FAITH AND POLITICS INSTITUTE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2007 AND 2006

3. INVESTMENTS

Investments are carried at estimated current value based on quoted market prices provided by the custodian and consist of the following at December 31:

	2007	2006
Cash and cash equivalents	\$ 251	\$ 83
Corporate securities	10,140	10,784
Total	\$ 10,391	\$ 10,867

Investment income derived from investments and bank deposits is comprised of the following at December 31:

	2007	2006
Interest and dividends	\$ 169	\$ 7,721
Realized and unrealized gains & losses	(476)	784
Total	\$ (307)	\$ 8,505

4. FURNITURE AND EQUIPMENT

At December 31, 2007 and 2006, the cost of furniture and equipment and the related accumulated depreciation and amortization were as follows:

	2007	2006
Computer software	\$ 36,762	\$ 36,762
Office equipment	22,503	22,503
Furniture and fixtures	26,816	26,816
Equipment held under capital lease	19,945	19,945
	106,026	106,026
Less accumulated depreciation	(76,455)	(61,901)
Furniture and Equipment, net	\$ 29,571	\$ 44,125

Total depreciation and amortization expense for the years ended December 31, 2007 and 2006 totaled \$14,554 and \$16,089, respectively.

5. IN-KIND SUPPORT

The Institute received in-kind contributions of professional services and donated goods in 2007 and 2006 totaling \$15,025 and \$2,706, respectively, which have been recognized in the accompanying financial statements. The in-kind contributions received were mainly for airfare charged at less than commercial value.

FAITH AND POLITICS INSTITUTE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2007 AND 2006

6. CAPITAL LEASE

The Institute leases office equipment under a capital lease that expires in 2010. Future minimum lease obligations under this capital lease as of December 31, 2007 are as follows:

<u>Year Ending December 31,</u>	
2008	\$ 4,428
2009	4,428
2010	<u>4,428</u>
Total minimum future rental payments	13,284
Less: amount representing interest	<u>(821)</u>
Present value of capital lease obligation	<u>\$ 12,463</u>

7. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets represents contributions received with donor imposed time restrictions.

8. RETIREMENT PLAN

The Institute has a defined contribution retirement plan for all employees. The Institute contributes one hundred percent of employee elective deferral contributions up to five percent of compensation for employees who have completed at least six months of service. Contributions are fully vested when made. Retirement plan expenses for the years ended December 31, 2007 and 2006 were \$12,610 and \$13,352, respectively.

FAITH AND POLITICS INSTITUTE
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2007
WITH COMPARATIVE TOTALS FOR 2006

	2007					2006	
	Programs			Supporting Services		Total	
Reflection Groups/Retreats	Forums	Pilgrimages	Communications	Total Programs	General and Administrative	Fundraising	Total
Salaries and benefits	\$ 61,613	\$ 80,390	\$ 52,686	\$ 229,974	\$ 157,403	\$ 77,927	\$ 465,304
Audit and accounting fees	-	-	-	-	47,530	-	47,530
Other professional fees	(1,700)	39,458	48,823	88,431	14,078	2,250	104,759
Temporary help - contract	-	-	-	505	3,202	-	3,707
Supplies	17	4,928	49	4,994	5,701	818	11,513
Telephone	6	-	60	66	8,231	-	8,297
Postage/delivery/shipping	114	613	-	727	5,188	2,730	8,645
Printing, production and copying	2,072	3,574	10,115	15,761	6,482	18,127	40,370
Books/subscriptions/publications	-	420	25	2,410	1,801	1,124	5,335
Rent/parking/other occupancy	-	-	-	-	59,278	-	59,278
Cable	-	-	-	-	1,411	-	1,411
Equip rental and maintenance	354	-	-	354	4,068	23	4,445
Depreciation and amortization	-	-	-	-	14,554	-	14,554
Travel	2,029	114,614	1,539	119,550	4,355	149	124,034
Meetings and conferences	6,155	55,381	739	71,956	11,299	34,494	117,749
Interest expense	-	-	-	-	1,413	-	1,413
Insurance non-employee related	-	-	-	-	4,997	-	4,997
Membership dues/registration fees	-	-	-	-	838	315	1,153
Professional development	6,224	57	459	6,740	4,624	-	11,364
Internet services	-	13	119	132	5,091	-	5,223
Other expenses	-	-	-	-	2,244	-	2,244
Contributions	-	7,500	-	7,500	-	-	7,500
Overhead allocation	14,336	25,034	21,407	93,440	(125,102)	31,662	-
	\$ 71,214	\$ 95,694	\$ 136,021	\$ 642,540	\$ 238,666	\$ 169,619	\$ 1,050,825
							\$ 1,083,044