

**FINANCIAL STATEMENTS**

**CENTER FOR DEMOCRACY AND  
TECHNOLOGY**

**FOR THE YEAR ENDED DECEMBER 31, 2011  
WITH SUMMARIZED FINANCIAL  
INFORMATION FOR 2010**

# CENTER FOR DEMOCRACY AND TECHNOLOGY

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**GELMAN, ROSENBERG & FREEDMAN**  
**CERTIFIED PUBLIC ACCOUNTANTS**

**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
Center for Democracy and Technology  
Washington, D.C.

We have audited the accompanying statement of financial position of the Center for Democracy and Technology (CDT) as of December 31, 2011, and the related statements of activities and change in net assets, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of CDT's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from CDT's 2010 financial statements and, in our report dated June, 7, 2011, we expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of CDT's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 CDT as of December 31, 2011, and its change in net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Gelman Rosenberg & Freedman*

April 23, 2012

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**CENTER FOR DEMOCRACY AND TECHNOLOGY**  
**STATEMENT OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2011**  
**WITH SUMMARIZED FINANCIAL INFORMATION FOR 2010**

<b>ASSETS</b>		<u>2011</u>	<u>2010</u>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents (Note 7)	\$	3,600,380	\$ 1,214,703
Investments		-	251,618
Grants receivable		608,989	1,898,859
Accounts receivable		157,352	13,504
Due from related parties (Note 9)		6,158	3,038
Prepaid expenses		<u>13,800</u>	<u>20,552</u>
Total current assets		<u>4,386,679</u>	<u>3,402,274</u>
<b>PROPERTY AND EQUIPMENT</b>			
Furniture, fixtures and equipment		269,734	267,805
Leasehold improvements		<u>151,218</u>	<u>151,218</u>
		420,952	419,023
Less: Accumulated depreciation and amortization		<u>(299,301)</u>	<u>(256,362)</u>
Net property and equipment		<u>121,651</u>	<u>162,661</u>
<b>OTHER ASSETS</b>			
Security deposits		<u>17,004</u>	<u>17,004</u>
<b>TOTAL ASSETS</b>		<b><u>\$ 4,525,334</u></b>	<b><u>\$ 3,581,939</u></b>
<b>LIABILITIES AND NET ASSETS</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable and accrued liabilities	\$	85,852	\$ 147,878
Deferred income		<u>-</u>	<u>30,000</u>
Total current liabilities		<u>85,852</u>	<u>177,878</u>
<b>NET ASSETS</b>			
Unrestricted:			
Undesignated		2,721,670	859,171
Board-designated (Note 4)		<u>1,125,000</u>	<u>1,100,000</u>
Total unrestricted		3,846,670	1,959,171
Temporarily restricted (Note 2)		<u>592,812</u>	<u>1,444,890</u>
Total net assets		<u>4,439,482</u>	<u>3,404,061</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>		<b><u>\$ 4,525,334</u></b>	<b><u>\$ 3,581,939</u></b>

See accompanying notes to financial statements.

**CENTER FOR DEMOCRACY AND TECHNOLOGY**  
**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**  
**WITH SUMMARIZED FINANCIAL INFORMATION FOR 2010**

	<u>2011</u>			<u>2010</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Total</u>
<b>REVENUE</b>				
Grants and contributions	\$ 2,900,754	\$ 1,061,488	\$ 3,962,242	\$ 3,853,786
Cy pres awards (Note 8)	1,077,803	-	1,077,803	-
Contracts	86,833	-	86,833	78,138
Interest and dividend income	7,668	-	7,668	12,675
Other revenue	3,778	-	3,778	4,385
Net assets released from donor restrictions (Note 3)	<u>1,909,554</u>	<u>(1,909,554)</u>	<u>-</u>	<u>-</u>
Total revenue	<u>5,986,390</u>	<u>(848,066)</u>	<u>5,138,324</u>	<u>3,948,984</u>
<b>EXPENSES</b>				
Program Services:				
Campaign for CDT's Future	9,691	-	9,691	-
Communications	35,987	-	35,987	-
Privacy	369,385	-	369,385	388,283
4th Amendment	611,395	-	611,395	621,753
Health Privacy Policy	443,242	-	443,242	466,287
Net Neutrality	141,665	-	141,665	207,496
1st Amendment	196,473	-	196,473	231,277
International Human Rights	360,222	-	360,222	219,336
Global Network Initiative	104,488	-	104,488	289,732
Internet Education Foundation	86,285	-	86,285	60,531
Copyright	257,706	-	257,706	232,349
Standards	15,986	-	15,986	1,991
Markle Capacity	171,254	-	171,254	345,533
Open Government	-	-	-	93,947
Total program services	<u>2,803,779</u>	<u>-</u>	<u>2,803,779</u>	<u>3,158,515</u>
Supporting Services:				
Management and General	498,050	-	498,050	682,397
Fundraising	<u>525,627</u>	<u>-</u>	<u>525,627</u>	<u>578,217</u>
Total supporting services	<u>1,023,677</u>	<u>-</u>	<u>1,023,677</u>	<u>1,260,614</u>
Total expenses	<u>3,827,456</u>	<u>-</u>	<u>3,827,456</u>	<u>4,419,129</u>

See accompanying notes to financial statements.

CENTER FOR DEMOCRACY AND TECHNOLOGY

STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2010

	2011			2010
	Unrestricted	Temporarily Restricted	Total	Total
Change in net assets before other items	\$ 2,158,934	\$ (848,066)	\$ 1,310,868	\$ (470,145)
<b>OTHER ITEMS</b>				
Transfer of net assets (Note 9)	(271,435)	-	(271,435)	-
Funds returned to donor	-	(4,012)	(4,012)	-
Change in net assets	1,887,499	(852,078)	1,035,421	(470,145)
Net assets at beginning of year	1,959,171	1,444,890	3,404,061	3,874,206
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 3,846,670</b>	<b>\$ 592,812</b>	<b>\$ 4,439,482</b>	<b>\$ 3,404,061</b>

**CENTER FOR DEMOCRACY AND TECHNOLOGY**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**  
**WITH SUMMARIZED FINANCIAL INFORMATION FOR 2010**

	<b>2011</b>					
	<b>Program Services</b>					
	<b>Campaign for CDT's Future</b>	<b>Communications</b>	<b>Privacy</b>	<b>4th Amendment</b>	<b>Health Privacy Policy</b>	<b>Net Neutrality</b>
Salaries	\$ -	\$ 25,498	\$ 230,133	\$ 406,631	\$ 300,619	\$ 91,841
Payroll taxes	-	1,678	13,976	23,826	18,272	5,148
Pension expense	-	1,530	9,881	21,126	17,852	5,510
Employee benefits	-	1,989	16,614	32,183	12,339	5,293
Workers compensation	-	88	733	1,460	1,077	333
Consultants	9,691	604	25,936	18,394	21,310	10,440
Travel and meetings	-	-	32,335	30,300	14,375	1,467
Board expenses travel and meetings	-	-	-	-	-	-
Accounting and audit	-	-	-	-	-	-
Books, dues and subscriptions	-	282	2,596	6,091	4,793	980
Computer equipment expense	-	45	977	2,302	1,672	460
Contributions	-	-	-	-	-	-
Insurance	-	77	704	1,610	1,198	368
Depreciation and amortization	-	511	4,228	8,404	6,204	1,923
Network usage	-	165	1,331	2,469	2,146	538
Legal	-	-	130	-	-	-
Miscellaneous	-	-	15	1,278	79	6
Office equipment expense	-	43	367	731	539	5,168
Postage and delivery	-	-	40	832	23	-
Printing/copying	-	72	1,466	368	42	15
Rent and storage (Note 5)	-	2,756	22,744	44,940	34,486	10,258
Office supplies and expense	-	282	2,503	3,316	2,423	739
Telephone/fax	-	367	2,676	5,134	3,793	1,178
Administrative fee	-	-	-	-	-	-
<b>TOTAL</b>	<b>\$ 9,691</b>	<b>\$ 35,987</b>	<b>\$ 369,385</b>	<b>\$ 611,395</b>	<b>\$ 443,242</b>	<b>\$ 141,665</b>

See accompanying notes to financial statements.

<b>1st Amendment</b>	<b>International Human Rights</b>	<b>Global Network Initiative</b>	<b>Internet Education Foundation</b>	<b>Copyright</b>	<b>Standards</b>	<b>Markle Capacity</b>	<b>Total Program Services</b>
\$ 138,216	\$ 245,726	\$ 13,740	\$ 26,696	\$ 187,285	\$ -	\$ 119,582	\$ 1,785,967
9,447	15,593	2,951	1,880	10,981	-	9,749	113,501
8,273	13,810	672	1,327	11,237	-	5,380	96,598
9,140	14,493	2,051	2,510	12,539	-	9,765	118,916
499	867	32	97	664	-	519	6,369
226	325	39,051	53	294	-	411	126,735
1,751	23,037	10,263	20	1,108	61	167	114,884
-	-	-	-	-	-	-	-
-	-	240	-	-	-	-	240
1,723	4,112	95	284	1,976	5,925	1,298	30,155
944	1,294	45	157	1,081	-	1,097	10,074
-	-	-	-	-	10,000	-	10,000
558	1,185	1,164	115	732	-	704	8,415
2,866	4,997	182	561	3,822	-	2,981	36,679
789	1,521	173	158	1,123	-	753	11,166
2,230	-	-	-	-	-	-	2,360
1,366	16	-	1	9	-	6	2,776
250	433	16	49	331	-	261	8,188
53	17	497	14	251	-	55	1,782
94	419	7,554	5	28	-	178	10,241
15,316	26,710	20,777	51,812	20,404	-	15,755	265,958
1,023	2,134	3,817	208	1,492	-	920	18,857
1,709	3,533	1,168	338	2,349	-	1,673	23,918
-	-	-	-	-	-	-	-
<b>\$ 196,473</b>	<b>\$ 360,222</b>	<b>\$ 104,488</b>	<b>\$ 86,285</b>	<b>\$ 257,706</b>	<b>\$ 15,986</b>	<b>\$ 171,254</b>	<b>\$ 2,803,779</b>

See accompanying notes to financial statements.

CENTER FOR DEMOCRACY AND TECHNOLOGY

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2011  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2010

	2011			2010	
	Supporting Services				
	Management and General	Fundraising	Total Supporting Services	Total Expenses	Total Expenses
Salaries	\$ 232,905	\$ 210,240	\$ 443,145	\$ 2,229,112	\$ 2,464,395
Payroll taxes	15,792	11,699	27,491	140,992	154,324
Pension expense	12,117	12,299	24,416	121,014	124,445
Employee benefits	23,749	6,920	30,669	149,585	165,056
Workers compensation	888	693	1,581	7,950	7,506
Consultants	7,291	51,370	58,661	185,396	472,454
Travel and meetings	17,885	191,852	209,737	324,621	322,369
Board expenses travel and meetings	214	-	214	214	2,836
Accounting and audit	87,376	-	87,376	87,616	121,377
Books, dues and subscriptions	2,440	2,888	5,328	35,483	43,936
Computer equipment expense	9,718	1,142	10,860	20,934	4,455
Contributions	2,250	-	2,250	12,250	1,000
Insurance	1,024	721	1,745	10,160	13,774
Depreciation and amortization	5,123	3,986	9,109	45,788	51,157
Network usage	1,376	1,233	2,609	13,775	16,120
Legal	-	-	-	2,360	4,812
Miscellaneous	2,708	2,227	4,935	7,711	805
Office equipment expense	6,547	346	6,893	15,081	4,343
Postage and delivery	3,084	177	3,261	5,043	6,200
Printing/copying	(1,841)	224	(1,617)	8,624	19,662
Rent and storage (Note 5)	46,665	21,318	67,983	333,941	320,421
Office supplies and expense	14,593	3,753	18,346	37,203	45,915
Telephone/fax	6,146	2,539	8,685	32,603	33,767
Administrative fee	-	-	-	-	18,000
<b>TOTAL</b>	<b>\$ 498,050</b>	<b>\$ 525,627</b>	<b>\$ 1,023,677</b>	<b>\$ 3,827,456</b>	<b>\$ 4,419,129</b>

## CENTER FOR DEMOCRACY AND TECHNOLOGY

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2010**

	<u>2011</u>	<u>2010</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 1,035,421	\$ (470,145)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	45,788	51,157
Net appreciation on investments	-	(3,976)
Loss on disposal of fixed assets	21	-
(Increase) decrease in:		
Grants receivable	1,289,870	108,864
Accounts receivable	(143,848)	111,242
Due from related parties	(3,120)	(3,038)
Prepaid expenses	6,752	(5,097)
Security deposits	-	5,000
Increase (decrease) in:		
Accounts payable and accrued liabilities	(62,026)	(88,192)
Deferred income	<u>(30,000)</u>	<u>14,000</u>
Net cash provided (used) by operating activities	<u>2,138,858</u>	<u>(280,185)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of furniture, fixtures and equipment	(4,799)	(29,773)
Purchase of investments	-	(500,000)
Sale of investments	<u>251,618</u>	<u>1,346,988</u>
Net cash provided by investing activities	<u>246,819</u>	<u>817,215</u>
Net increase in cash and cash equivalents	2,385,677	537,030
Cash and cash equivalents at beginning of year	<u>1,214,703</u>	<u>677,673</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u>\$ 3,600,380</u></b>	<b><u>\$ 1,214,703</u></b>

See accompanying notes to financial statements.

## CENTER FOR DEMOCRACY AND TECHNOLOGY

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2011

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

##### Organization -

The Center for Democracy and Technology (CDT) works to promote democratic values and constitutional liberties in the digital age. With expertise in law, technology and policy, CDT seeks practical solutions to enhance free expression and privacy in global communications technologies. CDT is dedicated to building consensus among all parties interested in the future of the Internet and other new communications media.

##### Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with FASB ASC 958, *Not-for-Profit Entities*.

The financial statements include 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 generally accepted accounting principles. Accordingly, such information should be read in conjunction with CDT's financial statements for the year ended December 31, 2010, from which the summarized information was derived.

##### Cash and cash equivalents -

CDT considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

At times during the year, CDT maintains cash balances at financial institutions in excess of the Federal Deposit Insurance Corporation (FDIC) limits. Management believes the risk in these situations to be minimal.

##### Investments -

Investments are recorded at their readily determinable fair value. Realized and unrealized gains and losses are included in investment income in the Statement of Activities and Change in Net Assets.

##### Grants and accounts receivable -

Grants and accounts receivable approximate fair value. All amounts are due within one year and management considers all amounts to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established.

##### Property and equipment -

CDT capitalizes furniture and equipment costing more than \$1,000. Significant expenditures for property and equipment are capitalized and depreciated on a straight-line basis over the estimated useful lives of the assets, which range from three to ten years. Leasehold improvements are recorded at cost and are amortized over the life of the lease.

CENTER FOR DEMOCRACY AND TECHNOLOGY

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION  
(Continued)

Net asset classification -

The net assets are reported in two self-balancing groups as follows:

- **Unrestricted net assets** include unrestricted revenue and contributions received without donor-imposed restrictions. These net assets are available for CDT's operations and include both internally designated and undesignated resources.
- **Temporarily restricted net assets** include gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires (when a stipulated time restriction ends or the purpose of the restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities and Change in Net Assets as net assets released from restrictions.

Grants and contributions -

Grants and contributions are recorded as revenue in the year notification is received from the donor. Temporarily restricted grants and contributions are recognized as unrestricted support only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions. Such grants and contributions received in excess of expenses are shown as temporarily restricted net assets in the accompanying financial statements.

Income taxes -

CDT is exempt from Federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements. CDT is not a private foundation.

Uncertain tax positions -

In June 2006, the Financial Accounting Standards Board (FASB) released FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes. For the year ended December 31, 2011, CDT 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. The Federal Form 990, *Return of Organization Exempt from Income Tax*, is subject to examination by the Internal Revenue Service, generally for three years after it is filed.

Deferred revenue -

Deferred revenue consists of conference and meeting registrations. CDT recognizes conference and meeting revenue when the related event has occurred.

CENTER FOR DEMOCRACY AND TECHNOLOGY

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION  
(Continued)

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 at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities and Change in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Risks and uncertainties -

CDT invests in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

Fair value measurements -

CDT adopted the provisions of FASB ASC 820, *Fair Value Measurements and Disclosures*. FASB ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs (assumptions that market participants would use in pricing assets and liabilities, including assumptions about risk) used to measure fair value, and enhances disclosure requirements for fair value measurements. CDT accounts for a significant portion of its financial instruments at fair value or considers fair value in their measurement.

2. TEMPORARILY RESTRICTED NET ASSETS

At December 31, 2011, temporarily restricted net assets were as follows:

4th Amendment	\$ 87,432
Health Privacy Project	113,855
Net Neutrality	12,500
Global Internet Policy Initiative	224,923
Markle Capacity	144,102
Time restricted	<u>10,000</u>
	<u>\$ 592,812</u>

CENTER FOR DEMOCRACY AND TECHNOLOGY

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011

3. NET ASSETS RELEASED FROM RESTRICTIONS

The following is a summary of net assets which were released from donor-imposed and time restrictions during 2011, by incurring expenses, which satisfied the restricted purposes specified by the donors or the passage of time:

4th Amendment	\$ 461,449
Health Privacy Policy	443,244
Net Neutrality	50,000
Global Internet Policy Initiative	155,917
Markle Capacity	758,944
Passage of time	<u>40,000</u>
	<b><u>\$ 1,909,554</u></b>

4. BOARD-DESIGNATED NET ASSETS

In 2006, CDT's Board of Directors designated \$1 million for CDT's future operations and to make an annual transfer of \$25,000 to the fund. These funds can only be drawn upon with the approval of the Board of Directors.

5. LEASE COMMITMENT

Effective December 1, 2005, CDT renewed its lease for general office space for a ten year period. Rent and storage expense, net of IEF's reimbursements for 2011, totaled \$333,941. CDT shares office space with the Internet Education Foundation (IEF) and is reimbursed by IEF for a portion of rent (Note 9). This reimbursement is netted against rent and storage expense in the Statement of Functional Expenses.

At December 31, 2011, the future minimum rental payments required under the leases are as follows:

<u>Year Ended December 31,</u>	
2012	\$ 256,488
2013	264,156
2014	272,021
2015	<u>272,227</u>
	<b><u>\$ 1,064,892</u></b>

6. RETIREMENT PLAN

CDT maintains a 403(b) retirement plan covering all employees who have completed one year of service. CDT contributes six percent of compensation on behalf of each active participant. Retirement plan expense for the year ended December 31, 2011 totaled \$121,016.

**CENTER FOR DEMOCRACY AND TECHNOLOGY**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011**

**7. CAMPAIGN FOR THE FUTURE**

During 2011, the CDT Board of Directors approved "The Campaign for CDT's Future" (the Campaign) to raise core funds for the organization. The goal of the Campaign is to raise \$5,000,000 by 2013. During 2011, CDT received approximately \$400,000 towards the Campaign.

**8. CY PRES AWARDS**

During 2011, CDT received \$1,077,803 of Cy Pres awards from three legal settlements. These awards have been classified as unrestricted support and are shown separately in the accompanying Statement of Activities and Change in Net Assets.

**9. INTERNET EDUCATION FOUNDATION AND GLOBAL NETWORK INITIATIVE**

CDT shares personnel, office space and other administrative expenses with Internet Education Foundation (IEF) and Global Network Initiative (GNI). An agreement was made between the two parties in 2010 and 2011, respectively, whereby IEF and GNI reimbursed CDT for its support of IEF and GNI program and administrative activities. During 2011, CDT received payments from IEF and GNI totaling \$86,833, as reimbursement for rent and other administrative expenses.

During 2011, GNI obtained non-profit status and separated from CDT. Accordingly, all assets and liabilities of GNI were transferred during the year.

**10. SUBSEQUENT EVENTS**

In preparing these financial statements, CDT has evaluated events and transactions for potential recognition or disclosure through April 23, 2012, the date the financial statements were issued.