



## Moran & Company P.C.

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### INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
The Center for Disease Dynamics, Economics & Policy, Inc.  
1616 P Street NW Suite 600  
Washington, DC 20036

We have audited the accompanying Statement of Financial Position of The Center for Disease Dynamics, Economics & Policy, Inc (a nonprofit organization) as of December 31, 2011, and the related Statements of Activities, Cash Flows, and Functional Expenses for the year 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 audit.

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 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 The Center for Disease Dynamics, Economics & Policy, Inc., as of December 31, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**Moran & Company PC**

May 1, 2012

**THE CENTER FOR DISEASE DYNAMICS, ECONOMICS AND POLICY, INC**  
**STATEMENT OF FINANCIAL POSITION**  
**AT DECEMBER 31, 2011**

**Assets**

	<b>2011</b>
Current Assets	
Cash & Cash Equivalents	\$ 1,490,108
Grants & Other Receivables	243,135
Prepaid Expenses	9,557
Total Current Assets	1,742,800
Fixed Assets	
Fixed Assets	30,401
Accumulated Depreciation	(8,084)
Net Fixed Assets	22,317
<b>Total Assets</b>	<b>\$ 1,765,117</b>

**Liabilities and Net Assets**

Current Liabilities	
Accounts Payable	\$ 110,541
Accrued Liabilities	34,410
Total Current Liabilities	144,951
Total Liabilities	144,951
Net Assets	
Unrestricted	181,878
Temporarily Restricted	1,438,288
Total Net Assets	1,620,166
<b>Total Liabilities and Net Assets</b>	<b>\$ 1,765,117</b>

SEE NOTES TO FINANCIAL STATEMENTS

**THE CENTER FOR DISEASE DYNAMICS, ECONOMICS AND POLICY, INC**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

	Unrestricted	Temporarily Restricted	Total
Support and Revenue:			
Program Grants & Contracts	\$ 53,883	\$ 3,321,559	\$ 3,375,442
General Support & Contributions	27,000	-	27,000
Net Assets Released from Restrictions	<u>1,883,271</u>	<u>(1,883,271)</u>	<u>-</u>
Total Support and Revenue	\$ 1,964,154	\$ 1,438,288	\$ 3,402,442
Other Income	\$ 37,409	\$ -	\$ 37,409
Total Other income	<u>37,409</u>	<u>-</u>	<u>37,409</u>
Total Operating Revenue	\$ 2,001,563	\$ 1,438,288	\$ 3,439,851
Expenses			
Program Expenses	\$ 1,779,851	\$ -	1,779,851
General and Administrative Expenses	168,860	-	168,860
Development Expenses	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenses	\$ 1,948,711	\$ -	\$ 1,948,711
Change in Net Assets from Operations	<u>\$ 52,852</u>	<u>\$ 1,438,288</u>	<u>\$ 1,491,140</u>
<b>Increase (Decrease) in Net Assets</b>	<b>\$ 52,852</b>	<b>\$ 1,438,288</b>	<b>\$ 1,491,140</b>
<b>Net Assets (Deficit), Beginning of Year</b>	<b>\$ 129,026</b>	<b>\$ -</b>	<b>\$ 129,026</b>
<b>Net Assets (Deficit), End of Year</b>	<b><u>\$ 181,878</u></b>	<b><u>\$ 1,438,288</u></b>	<b><u>\$ 1,620,166</u></b>

SEE NOTES TO FINANCIAL STATEMENTS

**THE CENTER FOR DISEASE DYNAMICS, ECONOMICS AND POLICY, INC**  
**SCHEDULE OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

<u>Expense Category</u>	<u>Program</u>	<u>General and Administrative</u>	<u>Development</u>	<u>Total</u>
Salaries	\$ 843,691	\$ 38,605	\$ -	\$ 882,296
Employee Benefits	154,271	10,266	-	164,537
Occupancy	51,768	2,232	-	54,000
Communications	2,114	3,734	-	5,848
Computer Services	7,407	13,968	-	21,375
Outside Consultants	231,976	-	-	231,976
Conferences & Meetings	129,925	3,540	-	133,465
Travel	132,905	1,535	-	134,440
Publications	31,226	2	-	31,228
Subcontracts	101,667	-	-	101,667
Professional Services	32,034	69,395	-	101,429
Depreciation	6,952	-	-	6,952
Miscellaneous	53,915	25,583	-	79,498
<b>Total Expenses</b>	<b>\$ 1,779,851</b>	<b>\$ 168,860</b>	<b>\$ -</b>	<b>\$ 1,948,711</b>

SEE NOTES TO FINANCIAL STATEMENTS

**THE CENTER FOR DISEASE DYNAMICS, ECONOMICS AND POLICY, INC**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Net income (loss)	\$	1,491,140
Adjustments to reconcile net income (loss) to net cash provided by operating activities :		
Depreciation	\$	6,952
(Increase) decrease in Accounts Receivable	\$	(92,646)
(Increase) decrease in Prepaid Expenses	\$	5,239
Increase (decrease) in Accounts Payable		81,990
Total Adjustments	\$	<u>1,535</u>
Net Cash Provided (Used) By Operating Activities	\$	1,492,675

**CASH FLOWS FROM INVESTING ACTIVITIES**

(Increase) decrease in Fixed Assets	\$	(14,698)
Net Cash Provided (Used) by Investing Activities	\$	(14,698)

**CASH FLOWS FROM FINANCING ACTIVITIES**

Principle payments on long-term debt	\$	<u>-</u>
Net Cash Provided (Used) by Financing Activities	\$	<u>-</u>

**NET INCREASE (DECREASE) IN CASH** **1,477,977**

**CASH AT BEGINNING OF PERIOD** **12,131**

**CASH AT END OF PERIOD** **\$ 1,490,108**

Interest Paid: \$0  
Income Taxes Paid: \$0

# The Center for Disease Dynamics, Economics and Policy, Inc

## Notes to Financial statements

### A. **Organization and significant accounting policies**

CDDEP is a nonprofit tax-exempt corporation headquartered in Washington, D.C. CDDEP was established on August 13, 2010. CDDEP's mission is to produce independent, multidisciplinary research to advance the health and well being of human populations in the United States and around the world.

**Basis of presentation:** Net assets and revenue, gains and losses are classified based upon the existence or absence of donor imposed restrictions. Accordingly, the net assets of CDDEP and changes therein are classified and reported as follows:

Unrestricted net assets – net assets that are not subject to donor imposed stipulations.

Temporary restricted net assets - net assets subject to donor imposed stipulations that will be met either by CDDEP undertaking project activities and/or the passage of time.

**Method of accounting:** The financial statements are prepared on the accrual basis of accounting.

**Accounting 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 amount of sales, liabilities and contingencies at the date of the statement of financial position and revenue and expenses during the reporting period. Actual results could differ from these estimates.

**Cash and cash equivalents:** CDDEP classifies all highly liquid investments with original maturity of less than ninety days as cash equivalents. CDDEP maintains cash balances which exceed federally insured limits.

**Grants and contracts revenue receivable:** Grants and contracts receivable are recorded at net realizable value when the service is rendered or expenses incurred for federal programs. Management believes that this balance is fully collectible and therefore no allowance for doubtful accounts is necessary.

**Contributions:** CDDEP recognizes all unconditional contributions received as income in the period received or pledged at net realizable value.

**Fixed assets:** Fixed assets of \$500 or more are carried at cost and depreciated using the straight-line method over their estimated useful lives which are as follows:

Equipment     3-5 years



**Revenue and expense recognition:**

Revenue from program grants and contracts are recognized in amounts equal to total reimbursable direct and indirect costs. Expenses are recorded when incurred.

**Other Income**

Other income on the statement of activities is composed of \$35,054 conference revenue, \$1,515 interest income, and \$840 miscellaneous income.

**Allocation of indirect costs:**

Allocated Expenses	Basis for Allocation
Employee benefits	Total salaries
Rent	Total salaries and benefits
Research support	Research salaries and benefits
Management and administration	Total direct costs

**Income taxes:** CDDEP is exempt from Federal income taxation as described in Internal Revenue Code Section 501(c) (3) and is classified as a publicly supported organization.

**B. Cash**

At December 31, 2011, CDDEP maintained the following accounts at a single banking institution for operating purposes:

Checking Accounts	\$	52,111
Savings		1,437,997
Total	\$	<u>1,490,108</u>

CDDEP opened the savings account in May 2011. Interest earned from the savings account amounted to \$1,515 in 2011.

**C. Concentration of Risk**

Deposits are guaranteed by the FDIC up to \$250,000 per depositor per insured bank. Uninsured balances for CDDEP at December 31, 2011 were \$1,240,108.

**D. Receivables**

CDDEP had grants and other contracts receivable of \$243,135 as of December 31, 2011. 62% and 37% of this amount comes from two sources, respectively.

**E. Fixed Assets**

Fixed assets consisted of the following at December 31, 2011:

Computer Equipment	\$	30,401
Accumulated Depreciation		(8,084)
Fixed Assets-Net	\$	<u>22,317</u>

Depreciation expense for the period was \$6,952.

**F. Accounting for Uncertainty in Income Taxes**

CDDEP elected to be treated as a 501(c)(3) non-profit organization, therefore no taxes are currently payable by the organization.

Interest and penalties would be deductible for GAAP purposes, but for tax purposes the amounts would be removed. The total amount of interest and penalties recognized on the balance sheet is zero. Because the organization was formed in 2010, that is the only tax year still open to examination.

There is no known event within the next twelve months that will change this status.

**G. Nature of Activities**

CDDEP receives its revenue primarily from grants and contracts from private foundations. 87% and 11% of the organization's revenues are from two sources, respectively. As of December 31, 2011 the Organization had \$1,438,288 of temporarily restricted net assets.

Net Assets released from restrictions in 2011 were \$1,883,271.

**H. Related Party Transactions**

CDDEP has Board members that are also officers of a non-profit company from which they rent office space. The amounts of payables due to this related party were \$87,283 at December 31, 2011.

**I. Employee Benefit Plans**

CDDEP sponsors a 401(a) retirement plan. It is a defined contribution plan and CDDEP contributes the premium. There is no employee contribution. All regular employees, except research assistants, age 21 and over are eligible. CDDEP contributes 10% of the employee's salary to each employee's retirement account. For the year ended December 31, 2011, the amount of contributions totaled \$56,779.



**J. Leases**

CDDEP entered into an agreement to lease office space on August 10, 2010. The lease term is for two years, beginning on October 1, 2010 and ending on September 30, 2012. It covers thirteen offices on the sixth floor of 1616 P Street NW, Washington, DC. The basic monthly rent under this agreement is \$4,500. The amount of rental expense for the year ended December 31, 2011 was \$54,000.

**K. Date of Management's Review**

Management has evaluated subsequent events for disclosure in the financial statements through May 1, 2012 which is the date the financial statements were available to be issued. There were no known subsequent events through this date.