CHARITY NAVIGATOR

Financial Statements

November 30, 2009

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Independent Auditors' Report

To the Board of Directors
Charity Navigator
Glen Rock, New Jersey

We have audited the accompanying statement of financial position of Charity Navigator (a not-for-profit organization) as of November 30, 2009, and the related statement of activities and cash flows 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 of Charity Navigator as of November 30, 2009 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.

Metis Group LLC Certified Public Accountants
New York, New York
June 7, 2010

CHARITY NAVIGATOR

Statement of Financial Position

November 30, 2009

Assets		
Cash and cash equivalents	$	159,111
Accounts receivable, net		8,358
Prepaid expenses		13,075
Security deposits		10,640
Furniture, equipment and leasehold improvements, net		11,279
Total Assets	$	202,463
Liabilites and Net Assets		
Liabilities		
Accounts payable		7,627
Total Liabilities		7,627
Net assets		194,836
Total Liabilites and Net Assets	$	202,463

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

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Statement of Activities

For the Year Ended November 30, 2009

Support and revenue		
Contributions	$	1,139,896
Program service fees		61,447
Total support and revenue		1,201,343
Expenses:		
Program expenses		895,580
Fundraising		132,436
General and adminsitration		108,415
Total expenses		1,136,431
Change in net assets		64,912
Net assets, beginning of the year		129,924
Net assets, end of the year	$	194,836

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

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Statement of Cash Flows

For the Year Ended November 30, 2009

Cash flows from operating activities:		
Change in net assets	$	64,912
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation		5,256
Change in:		
Accounts receivable		(5,603)
Prepaid expenses		(13,075)
Accounts payable		(5,767)
Net cash provided by operating activities		45,723
Net increase in cash and cash equivalents		45,723
Cash and cash equivalents, beginning		113,388
Cash and cash equivalents, ending	$	159,111

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Statement of Functional Expenses

For the Year Ended November 30, 2009

	Program Expense	Fundraising	General and Administration	Total Expense
Salaries and wages	$ 621,338	$ 94,191	$ 68,609	$ 784,138
Payroll taxes	51,826	7,872	5,904	65,602
Fringe benefits	96,036	14,588	10,941	121,565
Professional fees	2,495	379	11,164	14,038
Depreciation	4,165	631	460	5,256
Equipment maintenance	3,282	615	205	4,102
Insurance	4,941	281	393	5,615
Marketing expense	5,060	-	-	5,060
Meeting and conferences	517	-	-	517
Occupancy	73,245	4,162	5,826	83,233
Office supplies and expense	8,371	951	1,493	10,815
Postage	1,607	2,679	1,072	5,358
Printing and publications	646	1,077	431	2,154
Staff training	147	195	90	432
Registration fees	-	3,570	85	3,655
Telephone	5,643	321	449	6,413
Travel	6,693	380	532	7,605
Website expenses	9,568	544	761	10,873
Total expenses	$ 895,580	$ 132,436	$ 108,415	$ 1,136,431

Note 1- Organization

Founded in 2001, Charity Navigator ("Organization") has become the nation's largest and most utilized evaluator of charities. In the quest to help donors, a team of professional analysts has examined tens of thousands of non-profit financial documents. This knowledge is used to develop an unbiased, objective, numbers-based rating system to assess the financial health of over 5,000 of America's best-known charities. Charity Navigator's rating system examines two broad areas of a charity's financial health – how responsible it functions day to day as well as how well positioned it is to sustain its programs over time. The website www.charitynavigator.org is easily navigable by charity name, location or type of activity and also features opinion pieces by Charity Navigator experts, donation tips, and top-10 and bottom-10 lists which rank efficient and inefficient organizations in a number of categories. The Organization does not receive any contributions from any charities it evaluates.

Program service revenue represents revenue from the sale of customized listings of charities primarily to researchers, university professors, and vendors specializing in nonprofit services.

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Financial Statement Presentation

Financial statement presentation follows the requirements of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards, *Financial Statements of Not-for-Profit Organizations*. The Organization 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.

Unrestricted Net Assets - consist of assets, public support and program revenues, which are available and used for operations and programs. Contributions are considered available for unrestricted use unless specifically restricted by the donor.

Temporarily Restricted Net Assets - include funds with donor-imposed restrictions, which permit the Organization to expend the assets as specified, and are satisfied either by the passage of time or by actions of the Organization. Resources of this nature originate from gifts, grants, bequests, contracts and investment income earned on restricted funds. There are no temporarily restricted net assets at the year ended November 30, 2009.

Permanently Restricted Net Assets - include resources, which have a permanent donor-imposed restriction, which stipulates that the assets are to be maintained permanently, but permit the Organization to expend part or all of the income derived from the donated assets. There are no permanently restricted net assets at the year ended November 30, 2009.

Note 2 - Summary of Significant Accounting Policies (continued)

Adoption of New Accounting Pronouncement

FASB Accounting Standards Codification: In July 2009, the Financial Accounting Standards Board (FASB) issued accounting guidance to establish the FASB Accounting Standards Codification (ASC or Codification) to become the source of authoritative U.S. generally accepted accounting principles (U.S. GAAP) recognized by the FASB to be applied by nongovernmental entities. All other accounting literature not included in the Codification will be considered non-authoritative. The Codification does not change current U.S. GAAP. References to authoritative U.S. GAAP literature in the Organization's financial statements and the notes thereto in this report have been updated to include the new Codification.

In May 2009, the FASB issued guidance to establish general standards of accounting for and the disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. It requires the disclosure of the date through which an entity has evaluated subsequent events and the basis for that date - that is, whether that date represents the date the financial statements were issued or were available to be issued. This guidance was adopted by the Organization in 2009 and did not have a material impact on the Organization's financial statements.

Functional Allocation of Expenses

The costs of providing the Organization's programs and activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Equipment and Depreciation

The Organization's fixed assets that consisted primarily of equipment, furniture and leasehold improvements are stated at cost, net of accumulated depreciation. Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis. The capitalization policy is to capitalize any purchase over $1,000. Repairs and maintenance are expensed as incurred.

Income Tax Status

The Organization is a private operating foundation exempt from Federal income taxes pursuant to Section 501(c)(3) of the United States Internal Revenue Code and to the extent applicable subject to an excise tax on net investment income. The Organization has made an application to the Internal Revenue Service to be classified as a public charity instead of a private operating foundation and was informed by the IRS that the Organization will be treated as a public charity for an advance ruling period of 60 months beginning December 1, 2007 and ending on December 1, 2012.

During the advance ruling period the Organization is not subject to federal excise tax. If the Organization fails to meet the public support test as required for a public charity, then a liability for excise tax on net investment income for that period would be incurred.

Use of Estimates and Assumptions

The preparation of financial statements in conformity with generally accepted accounting principals 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 vary from the estimates that were used.

Cash and Cash Equivalents

For financial statement purposes, the Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash and cash equivalents.

Revenue Recognition

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Contributions subject to donor-imposed stipulations that are met in the same reporting period are reported as unrestricted support. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, temporarily restricted assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

The Organization reports gifts of land, building, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support.

Note 3 – Advertising Expenses

Advertising costs are expensed as incurred. Advertising costs incurred by the Organization for the year ended November 30, 2009 was $5,060.

Note 4 – Furniture, Equipment and Leasehold Improvements

Furniture, equipment and leasehold improvements consisted of the following at year end.

Equipment	$	47,261
Furniture		123,509
Leasehold improvements		5,875
Total		176,645
Accumulated deprecation		(165,366)
Total	$	11,279

Depreciation expense was $5,256 for the year ended November 30, 2009.

Note 5 – Lease Commitment

The Organization entered into a five year occupancy lease expiring June 30, 2015. The minimum monthly rent payments are approximately $2,000 per month with a standard increase each year. Additionally, the Organization is responsible for a proportionate share of building operating expenses. Minimum lease payments for the subsequent years are as follows:

2010	$	50,256	
2011		24,369	
2012		24,856	
2013		25,353	
2014		25,860	
Thereafter		15,260	7 Months
Total	$	165,954	

Occupancy expense for the year ended November 30, 2009 was $83,233.

Note 6 – Pension Plan

The Organization has a Savings Incentive Match Plan ("the Plan") which covers eligible employees. The Plan requires a matching contribution to each participant account equal to the employee's contribution up to three percent of the employee's salary is made as required. The amount contributed for the year ended November 30, 2009 was $25,761.

Note 7 – Concentration of Risk

The Organization maintains cash balances in bank deposit accounts, which at times may exceed federally insured limits. The Organization has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on its cash accounts. Approximately, 50% of total revenue was from a single donor for the year ended November 30, 2009.

Note 8 - Accounts Receivable

The Organization considers accounts receivable to be fully collectible and, accordingly, no allowance for doubtful accounts has been established.

Note 9 – Subsequent Events

Subsequent events have been evaluated through June 7, 2010 which is the date the financial statements were available to be issued.