

FINANCIAL STATEMENTS

**CENTER FOR DEMOCRACY AND
TECHNOLOGY**

**FOR THE YEAR ENDED DECEMBER 31, 2009
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2008**

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, 2009, 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 2008 financial statements and, in our report dated March 3, 2010, 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 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 CDT as of December 31, 2009, 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

July 19, 2010

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CENTER FOR DEMOCRACY AND TECHNOLOGY
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2009
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2008

ASSETS

	2009	2008
CURRENT ASSETS		
Cash and cash equivalents	\$ 677,673	\$ 443,313
Investments (Notes 2 and 9)	1,094,632	1,367,886
Grants receivable, current portion (Note 3)	1,816,363	2,501,054
Accounts receivable	124,746	18,980
Due from related parties (Note 8)	-	4,343
Prepaid expenses	15,455	40,258
Total current assets	3,728,869	4,375,834
PROPERTY AND EQUIPMENT		
Furniture, fixtures and equipment	238,031	171,854
Leasehold improvements	151,218	145,223
	389,249	317,077
Less: Accumulated depreciation and amortization	(205,207)	(164,995)
Net property and equipment	184,042	152,082
OTHER ASSETS		
Security deposit	22,004	21,504
Grants receivable, long-term portion (Note 3)	191,360	1,200,498
Total other assets	213,364	1,222,002
TOTAL ASSETS	\$ 4,126,275	\$ 5,749,918

See accompanying notes to financial statements.

LIABILITIES AND NET ASSETS

	<u>2009</u>	<u>2008</u>
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 236,069	\$ 155,273
Deferred income	<u>16,000</u>	<u>33,500</u>
Total current liabilities	<u>252,069</u>	<u>188,773</u>
NET ASSETS		
Unrestricted:		
Undesignated	223,276	(138,076)
Board-designated (Note 5)	<u>1,075,000</u>	<u>1,000,000</u>
Total unrestricted	1,298,276	861,924
Temporarily restricted (Note 4)	<u>2,575,930</u>	<u>4,699,221</u>
Total net assets	<u>3,874,206</u>	<u>5,561,145</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,126,275</u>	<u>\$ 5,749,918</u>

CENTER FOR DEMOCRACY AND TECHNOLOGY
STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2009
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2008

	2009			2008
	Unrestricted	Temporarily Restricted	Total	Total
REVENUE				
Grants and contributions	\$ 1,467,358	\$ 1,021,430	\$ 2,488,788	\$ 6,245,997
Contracts	74,785	-	74,785	58,698
Investment income (Note 2)	25,990	137	26,127	42,446
Other revenue	53,255	-	53,255	7,875
Net assets released from donor restrictions (Note 4)	<u>3,144,858</u>	<u>(3,144,858)</u>	<u>-</u>	<u>-</u>
Total revenue	<u>4,766,246</u>	<u>(2,123,291)</u>	<u>2,642,955</u>	<u>6,355,016</u>
EXPENSES				
Program Services:				
Privacy	398,517	-	398,517	405,844
4th Amendment	665,537	-	665,537	523,441
Healthy Privacy Policy	579,420	-	579,420	447,667
DNS Net-Neutrality	146,308	-	146,308	68,978
1st Amendment	192,053	-	192,053	153,700
Global Internet Policy Initiative	125,745	-	125,745	151,639
Global Network Initiative	287,350	-	287,350	1,869
Internet Education Foundation	59,026	-	59,026	65,189
Copyright	264,889	-	264,889	252,201
E-Democracy	125,469	-	125,469	109,216
Standards	16,361	-	16,361	-
Markle Capacity	<u>512,225</u>	<u>-</u>	<u>512,225</u>	<u>113,141</u>
Total program services	<u>3,372,900</u>	<u>-</u>	<u>3,372,900</u>	<u>2,292,885</u>
Supporting Services:				
Management and General	450,826	-	450,826	274,699
Fundraising	<u>506,168</u>	<u>-</u>	<u>506,168</u>	<u>302,781</u>
Total supporting services	<u>956,994</u>	<u>-</u>	<u>956,994</u>	<u>577,480</u>
Total expenses	<u>4,329,894</u>	<u>-</u>	<u>4,329,894</u>	<u>2,870,365</u>
Change in net assets	436,352	(2,123,291)	(1,686,939)	3,484,651
Net assets at beginning of year	<u>861,924</u>	<u>4,699,221</u>	<u>5,561,145</u>	<u>2,076,494</u>
NET ASSETS AT END OF YEAR	<u>\$ 1,298,276</u>	<u>\$ 2,575,930</u>	<u>\$ 3,874,206</u>	<u>\$ 5,561,145</u>

See accompanying notes to financial statements.

CENTER FOR DEMOCRACY AND TECHNOLOGY

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2009
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2008**

	2009							
	Program Services							
	Privacy	4th Amendment	Health Privacy Policy	DNS Net- Neutrality	1st Amendment	Global Internet Policy Initiative	Global Network Initiative	Internet Education Foundation
Salaries	\$ 237,749	\$ 473,306	\$ 317,712	\$ 103,241	\$ 129,745	\$ 89,034	\$ -	\$ 16,050
Payroll taxes	14,992	29,846	20,034	6,510	8,182	5,614	-	1,012
Pension expense (Note 7)	9,789	19,487	13,081	4,251	5,342	3,666	-	661
Employee benefits	15,993	31,839	21,373	6,945	8,728	5,989	-	1,080
Workers compensation insurance	558	1,112	746	243	305	209	-	38
Consultants	14,026	3,647	135,202	5,340	8,523	659	259,300	134
Travel and meetings	55,891	11,243	8,245	426	6,074	3,003	8,599	10,029
Board expenses - travel and meeting	-	-	-	-	-	-	-	-
Temporaries	-	-	-	-	-	-	-	-
Accounting and audit	-	-	163	-	-	-	-	-
Books, dues and subscriptions	4,238	5,579	3,027	745	1,756	856	60	114
Computer equipment	562	1,113	725	225	289	201	-	37
Contribution	1,000	-	-	-	-	-	-	-
Insurance	847	1,738	1,103	376	445	328	-	56
Depreciation and amortization	4,225	8,657	5,767	1,907	2,315	1,595	-	293
Furniture and fixtures expense	-	-	-	-	-	-	-	-
Network usage	2,103	4,397	3,859	834	1,106	709	239	164
Legal	-	-	-	-	-	-	-	-
Miscellaneous expense	-	-	-	-	-	-	-	-
Office equipment	1,667	3,468	2,332	743	917	648	-	119
Postage and delivery	317	668	549	123	362	107	-	19
Printing/copying	1,203	216	259	59	207	36	-	(743)
Rent and storage (Note 6)	29,202	59,329	40,491	13,067	15,870	10,965	-	32,012
Office supplies	1,487	2,296	1,506	484	615	413	150	(2,172)
Taxes and licenses	368	733	492	160	201	138	-	25
Telephone/fax	2,300	6,863	2,754	629	1,071	1,575	1,002	98
Administrative fee	-	-	-	-	-	-	18,000	-
Loss on disposal of equipment	-	-	-	-	-	-	-	-
TOTAL	\$ 398,517	\$ 665,537	\$ 579,420	\$ 146,308	\$ 192,053	\$ 125,745	\$ 287,350	\$ 59,026

See accompanying notes to financial statements.

2008									
Supporting Services									
Copyright	E-Democracy	Standards	Markle Capacity	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses	Total Expenses
\$ 191,986	\$ 68,549	\$ -	\$ 180,007	\$ 1,807,379	\$ 239,724	\$ 205,230	\$ 444,954	\$ 2,252,333	\$ 1,564,633
12,106	4,323	-	11,351	113,970	15,154	12,941	28,095	142,065	100,411
7,904	2,822	-	7,411	74,414	9,895	8,450	18,345	92,759	68,823
12,915	4,611	-	12,109	121,582	16,166	13,806	29,972	151,554	95,723
451	161	-	423	4,246	565	482	1,047	5,293	3,696
1,439	30,438	-	248,442	707,150	5,808	79,175	84,983	792,133	406,774
2,327	1,438	6,913	5,680	119,868	21,520	143,975	165,495	285,363	184,145
-	-	-	-	-	1,593	-	1,593	1,593	1,400
-	-	-	-	163	27,783	-	27,783	27,946	1,740
1,687	784	9,430	1,774	30,050	5,017	1,390	6,407	36,457	42,824
441	148	-	274	4,015	1,057	375	1,432	5,447	44,863
-	-	-	-	1,000	1,100	-	1,100	2,100	5,570
709	251	-	917	6,770	6,607	884	7,491	14,261	-
3,443	1,246	-	2,930	32,378	4,295	3,540	7,835	40,213	3,226
-	-	-	-	-	451	-	451	451	23,587
1,535	621	-	6,586	22,153	3,371	1,805	5,176	27,329	-
-	-	-	-	-	150	-	150	150	24,440
-	-	-	-	-	2,379	-	2,379	2,379	1,994
1,395	497	-	1,017	12,803	3,057	1,345	4,402	17,205	-
255	80	-	181	2,661	1,124	245	1,369	4,030	13,015
73	73	-	10,912	12,295	7,507	4,957	12,464	24,759	5,123
23,629	8,566	-	20,095	253,226	51,948	24,317	76,265	329,491	11,542
898	343	-	722	6,742	17,894	1,817	19,711	26,453	214,763
297	106	-	279	2,799	372	318	690	3,489	22,390
1,399	412	18	1,115	19,236	6,289	1,116	7,405	26,641	28,346
-	-	-	-	18,000	-	-	-	18,000	-
-	-	-	-	-	-	-	-	-	1,337
\$ 264,889	\$ 125,469	\$ 16,361	\$ 512,225	\$ 3,372,900	\$ 450,826	\$ 506,168	\$ 956,994	\$ 4,329,894	\$ 2,870,365

CENTER FOR DEMOCRACY AND TECHNOLOGY

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2009
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2008**

	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (1,686,939)	\$ 3,484,651
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	40,212	23,587
Loss on disposal of property and equipment	-	1,337
Unrealized loss (gain) on investment	9,759	(16,886)
(Increase) decrease in:		
Grants receivable	1,693,829	(3,051,071)
Accounts receivable	(105,766)	53,617
Due from related parties	4,343	(4,343)
Prepaid expenses	24,803	(14,554)
Security deposit	(500)	(6,256)
Increase (decrease) in:		
Accounts payable and accrued liabilities	80,796	132,544
Deferred income	(17,500)	33,500
Contingency liability	-	(10,000)
Net cash provided by operating activities	<u>43,037</u>	<u>626,126</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(72,172)	(63,291)
Repayment of loan receivable	-	1,986
Purchase of investments	(1,245,000)	(1,351,000)
Sale of investments	<u>1,508,495</u>	<u>-</u>
Net cash provided (used) by investing activities	<u>191,323</u>	<u>(1,412,305)</u>
Net increase (decrease) in cash and cash equivalents	234,360	(786,179)
Cash and cash equivalents at beginning of year	<u>443,313</u>	<u>1,229,492</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 677,673</u>	<u>\$ 443,313</u>

See accompanying notes to financial statements.

CENTER FOR DEMOCRACY AND TECHNOLOGY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2009

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.

Recently issued accounting standards -

In June 2009, the Financial Accounting Standards Board (FASB) issued FASB ASC 105, *Generally Accepted Accounting Principles*, which establishes the FASB Accounting Standards Codification as the sole source of authoritative generally accepted accounting principles. Pursuant to the provisions of FASB ASC 105, CDT has updated references to GAAP in its financial statements issued for the year ended December 31, 2009. The adoption of FASB ASC 105 did not impact CDT's financial position or results of operations.

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, 2008, 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.

Accounts receivable -

Accounts receivable approximate fair value. Management considers all amounts to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established.

CENTER FOR DEMOCRACY AND TECHNOLOGY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009

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

Property and equipment -

CDT capitalizes furniture and equipment costing more than \$1,000. Significant expenditures for property and equipment are capitalized and depreciated on the 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 five years.

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.

Contributions and grants -

Contributions and grants are recorded as revenue in the year notification is received from the donor. Contributions and grants are recognized as unrestricted support only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions. Contributions and grants 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, 2009, 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.

CENTER FOR DEMOCRACY AND TECHNOLOGY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009

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 the operation of CDT and include both internally designated and undesignated resources.
- **Temporarily restricted net assets** include revenue and contributions subject to donor-imposed stipulations that will be met by the actions of CDT and/or the passage of time. When a restriction expires, 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.

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.

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.

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.

CENTER FOR DEMOCRACY AND TECHNOLOGY

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009**

2. INVESTMENTS

Investments consisted of the following at December 31, 2009:

	Cost	Market Value
Fixed Income	<u>\$1,096,000</u>	<u>\$1,094,632</u>

Included in investment income are the following:

Interest and dividends	\$ 35,886
Unrealized loss	<u>(9,759)</u>
TOTAL INVESTMENT INCOME	<u>\$ 26,127</u>

3. GRANTS RECEIVABLE

As of December 31, 2009, contributors to CDT have made written promises to give totaling \$2,020,363. Grants due in more than one-year have been recorded at the present value of the estimated cash flows, using a discount rate of 3.25%.

Grants are due as follows at December 31, 2009:

Less than one-year	\$ 1,816,363
One to five years	<u>204,000</u>
Total	2,020,363
Less: Allowance to discount balance to present value	<u>(12,640)</u>
GRANTS RECEIVABLE	<u>\$ 2,007,723</u>

4. TEMPORARILY RESTRICTED NET ASSETS

At December 31, 2009, temporarily restricted net assets were as follows:

4th Amendment	\$ 220,237
Health Privacy Policy	118,004
Global Internet Policy Initiative	44,560
Copyright	125,000
E-Democracy	31,867
Markle Capacity	1,979,570
Administration - Plesser Fellowship	16,692
Passage of time	<u>40,000</u>
	<u>\$ 2,575,930</u>

CENTER FOR DEMOCRACY AND TECHNOLOGY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009

4. TEMPORARILY RESTRICTED NET ASSETS (Continued)

The following is a summary of net assets, which were released from donor-imposed and time restrictions during 2009, by incurring expenses which satisfied the restricted purposes specified by the donors or the passage of time:

Privacy	\$ 203,450
4th Amendment	681,004
Health Privacy Policy	447,129
1st Amendment	20,000
Global Internet Policy Initiative	415,362
Copyright	150,000
E-Democracy	31,866
Markle Capacity	1,129,088
Administration - Plesser Fellowship	<u>66,959</u>
	<u>\$ 3,144,858</u>

5. 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.

6. LEASE COMMITMENT

CDT leases office space under an operating lease which commenced on October 31, 1995. The lease provides for base rent with annual adjustments for increases in the Consumer Price Index and operating expenses. On October 29, 1999, CDT leased additional space with the agreement providing for base rent with increases based on rentable square feet. CDT shares office space with the Internet Education Foundation (IEF) and is reimbursed by IEF for a portion of rent (Note 8). This reimbursement is netted against rent and storage expense in the Statement of Functional Expenses. Effective December 1, 2005, CDT renewed its lease agreement for a ten-year period. Rent and storage expense, net of IEF's reimbursements for 2009, was \$329,491.

Effective November 1, 2008, CDT entered into another lease agreement to expand leased premises. Base rent for the new lease is \$78,024 per year.

At December 31, 2009, the future minimum rental payments required under the leases are as follows:

<u>Year Ended December 31,</u>	
2010	\$ 240,579
2011	249,012
2012	256,488
2013	264,156
2014	272,021
Thereafter	<u>272,227</u>
	<u>\$ 1,554,483</u>

CENTER FOR DEMOCRACY AND TECHNOLOGY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009

7. 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, 2009 was \$92,758.

8. INTERNET EDUCATION FOUNDATION

CDT shares personnel, office space and other administrative expenses with IEF. An agreement was made between the two parties in 2002, whereby IEF reimbursed CDT for its support of IEF program and administrative activities. During 2009, CDT received payments from IEF totaling \$48,660 as reimbursement for rent and other administrative expenses.

9. FAIR VALUE MEASUREMENTS

In accordance with FASB ASC 820, *Fair Value Measurements and Disclosures*, CDT has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Investments recorded in the Statement of Financial Position are categorized based on the inputs to valuation techniques as follows:

Level 1. These are investments where values are based on unadjusted quoted prices for identical assets in an active market CDT has the ability to access.

Level 2. These are investments where values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full-term of the investments.

Level 3. These are investments where values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect assumptions of management about assumptions market participants would use in pricing the investments. These investments include non-readily marketable securities that do not have an active market.

Financial assets recorded in the Statement of Financial Position are categorized based on the inputs to the valuation technique as follows for the year ended December 31, 2009:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Asset Category:				
Investments	\$ <u>250,078</u>	\$ <u>844,554</u>	\$ <u>-</u>	\$ <u>1,094,632</u>

10. SUBSEQUENT EVENTS

In preparing these financial statements, CDT has evaluated events and transactions for potential recognition or disclosure through July 19, 2010, the date the financial statements were issued.