

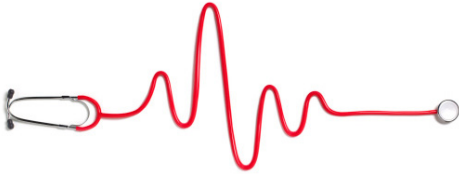
**Consumer Reports:**  
Making  
consumers  
more  
***POWERFUL***



**ConsumerReports®**

2 0 1 3   A N N U A L   R E P O R T

# 2013 HIGHLIGHTS



## More than 70 million

consumers have received info in English and Spanish as part of our Choosing Wisely campaign, a multi-partnership that focuses on overuse and misuses of medical tests, treatments, and procedures. It helps answer questions such as, "Should you really get an EKG every time you go to the doctor?"

525,000  
individuals donated  
to Consumer Reports to help us purchase products, conduct tests, and research programs that support our mission.

## Almost 100,000 visits

took place during the first week or so of the launch of  [HealthLawHelper.org](http://HealthLawHelper.org), which is *Consumer Reports'* latest tool to give consumers a personalized blueprint for the new health law. The project attracted the attention of many influential stakeholders, including White House staff, who invited *Consumer Reports* experts to talk about it.



**Trunk trouble.** We uncovered a faulty emergency trunk-release lever problem on a number of Lexus sedans. That was in large part thanks to help from a staffer's 4-year-old son, who snapped off the lever that opens the trunk from the inside. Taking the cars home and using them daily is an important part of our test program. The discovery prompted Toyota, Lexus' parent company, to send a letter to almost 700,000 vehicle owners letting them know that it would correct the problem.



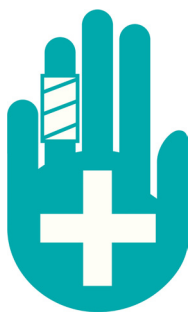
Learn more about our Board of Directors and Senior Leadership Team at [consumerreports.org/cro/about-us](http://consumerreports.org/cro/about-us).



### **Naughty or nice?**

That's what we asked 5,229 people last year about their favorite retailers as part of our Naughty & Nice shopping booth in Union Square. The booth also included Consumer Reports experts talking about everything from removing red wine stains to becoming a hot chocolate taste tester.

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### **Hospital check-up.**

For the first time, we rated U.S. hospitals on how patients fare during and after scheduled surgery. The ratings spurred a lot of debate within the health care community and garnered a lot of media attention. They are part of an ongoing effort to shed light on hospital quality and to push the health care industry toward more transparency.

**Microwave mystery.** This investigative *Consumer Reports* article documented dozens of instances in which consumers had reported KitchenAid microwave ovens starting up by themselves and getting hot or catching on fire. Initially, Whirlpool, the maker of KitchenAid, said it had never been able to verify a single instance of the problem. But after our report came out, they contacted us and said they confirmed the electrical issue and would provide free repairs for consumers.



**Food fight.** Our newly launched Food Safety and Sustainability Center had a big impact in its first year. In July 2013, prompted by our juice report, the Food and Drug Administration proposed limiting the amount of arsenic in apple juice. And in September 2013, the FDA released results of its tests for arsenic in rice and rice products, which were similar to our findings and reinforced the need for standards. Our coverage of those areas earned us a nomination for a National Magazine Award, the Oscars of the publishing world.

# 2013 HIGHLIGHTS



## **Open for business.**

Our Technology Innovation Center opened this year in Manhattan. This new space is meant to foster an entrepreneurial environment among a small group of Consumer Reports staff to encourage the use of innovative product-development approaches, emerging technologies, and best practices to develop new concepts for customer-focused products and services.



**Unsafe strollers.** Our ongoing stroller tests led the Consumer Product Safety Commission to recall two products designated by our engineers as “Don’t buy: Safety risks.” We had identified the strollers as posing a strangulation risk to small children.



## **Saving at the gas pump.**

Our autos team continued to make headlines when its experts uncovered discrepancies in Ford’s claims about the fuel economy of its advanced hybrid cars in real-world use. The discovery prompted the Environmental Protection Agency to launch an evaluation to measure the ways it tests gas mileage for advanced hybrid cars, such as Ford’s Fusion and C-Max. We also hosted a forum, “Fuel Economy: Now and in the Future,” which covered the latest trends in fuel-efficient cars and included a display of two dozen cars from almost every major automaker.



**Financial watchdog.** We were instrumental in getting Richard Cordray appointed as the first director of the Consumer Financial Protection Bureau (CFPB), the new financial watchdog agency. We held a “telephone town hall” with Sen. Elizabeth Warren, D-Mass., urging his confirmation, and more than 4,000 participants joined us. We also generated more than 100,000 activist actions and phone calls to help swing the Senate vote. As part of our focus on financial watchdogging, for the first time we published ratings on 26 prepaid debit cards. They are an increasingly popular payment method that’s marketed as an alternative to checking accounts. We urged the CFPB to improve fee disclosures and require card issuers to abide by the same rules that apply to traditional debit cards.



**8,039,385 views** of our YouTube videos this year. One of our most popular videos is our quick take of the Tesla Model S 2013, which also happens to be *Consumer Reports’* highest-scoring car ever. Our car gurus dubbed it “the electric car that shatters every myth.”



**More than 10X**  
**as much traffic on**  
**ConsumerReports.org**

in generator traffic due to Superstorm Sandy compared with the previous year, thanks to multiple blogs that started the week before the storm with must-have info, including how much wattage you really need for a generator.

“Given CU’s street cred, popular and trusted *Consumer Reports* magazine and untarnished image, it’s a knock that retailers would be wise to promptly answer.” –SupermarketNews.com, September 27, 2012, commenting on Consumers Union’s campaign to get Trader Joe’s to sell meat raised without antibiotics.

## Consolidated Balance Sheets

May 31, 2013 and 2012

	<b>2013</b>	<b>2012</b>
<b>Assets</b>		
Current assets:		
Cash	\$21,509,000	8,255,000
Investments	252,885,000	211,505,000
Trade receivables, net	5,972,000	7,031,000
Inventories	2,261,000	2,000,000
Auto test inventory	1,833,000	2,546,000
Grants and other receivables	3,589,000	3,050,000
Deferred promotion cost	20,081,000	20,648,000
Prepaid expenses and other current assets	<u>8,313,000</u>	<u>8,339,000</u>
Total current assets	316,443,000	263,374,000
Property and equipment, net	59,383,000	61,877,000
Deferred promotion cost – long term	1,816,000	5,948,000
Other assets	3,356,000	3,265,000
Grants receivable – long term	<u>648,000</u>	<u>1,727,000</u>
Total assets	<u>\$381,646,000</u>	<u>336,191,000</u>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$10,395,000	9,097,000
Accrued compensation	9,032,000	8,830,000
Unearned subscription revenue	116,397,000	114,985,000
Current portion of long-term debt	<u>1,200,000</u>	<u>1,175,000</u>
Total current liabilities	137,024,000	134,087,000
Unearned subscription revenue – long term	33,239,000	32,581,000
Liability under derivative instrument	6,420,000	8,936,000
Long-term debt	43,800,000	45,000,000
Other liabilities	<u>41,094,000</u>	<u>54,140,000</u>
Total liabilities	<u>261,577,000</u>	<u>274,744,000</u>
Net assets:		
Unrestricted	113,006,000	55,350,000
Temporarily restricted	<u>7,063,000</u>	<u>6,097,000</u>
Total net assets	<u>120,069,000</u>	<u>61,447,000</u>
Total liabilities and net assets	<u>\$381,646,000</u>	<u>336,191,000</u>

## Consolidated Statements of Activities

Years ended May 31, 2013 and 2012

	<b>2013</b>	<b>2012</b>
<b>Operating:</b>		
Change in unrestricted net assets:		
Revenue and support:		
Subscriptions, newsstand, and other sales	\$234,177,000	231,339,000
Contributions	20,723,000	16,722,000
Net assets released from restrictions	3,879,000	3,974,000
Other	618,000	1,160,000
Total revenue and support	<u>259,397,000</u>	<u>253,195,000</u>
Operating expenses:		
Publication, promotion, and marketing expenses:		
Content development	83,880,000	85,741,000
Production and distribution	47,000,000	47,274,000
Promotion and marketing	78,205,000	81,981,000
	<u>209,085,000</u>	<u>214,996,000</u>
Consumer advocacy and education	15,554,000	16,523,000
General and administrative	20,990,000	23,913,000
Fundraising	9,459,000	9,434,000
Total operating and other expenses	<u>255,088,000</u>	<u>264,866,000</u>
Total operating income (loss)	<u>4,309,000</u>	<u>(11,671,000)</u>
<b>Nonoperating:</b>		
Investment gain (loss), net	31,366,000	(11,096,000)
Unrealized gain (loss) on interest rate swap	2,516,000	(4,248,000)
Pension-related changes other than net periodic pension cost	19,465,000	(13,504,000)
Total nonoperating gain (loss)	<u>53,347,000</u>	<u>(28,848,000)</u>
Increase (decrease) in unrestricted net assets	<u>57,656,000</u>	<u>(40,519,000)</u>
Change in temporarily restricted net assets:		
Grants received	4,662,000	5,525,000
Net assets released from restrictions	(3,879,000)	(3,974,000)
Contribution revenue – other	126,000	100,000
Change in value of split-interest agreements	57,000	40,000
Increase in temporarily restricted net assets	<u>966,000</u>	<u>1,691,000</u>
Increase (decrease) in net assets	58,622,000	(38,828,000)
Net assets at beginning of year	<u>61,447,000</u>	<u>100,275,000</u>
Net assets at end of year	<u>\$120,069,000</u>	<u>61,447,000</u>

**Our Mission:**

**To work for a fair,  
just and safe marketplace  
for all consumers  
and to empower consumers  
to protect themselves.**

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