

***Prison Policy Initiative, Inc.***  
***Financial Statements***  
***June 30, 2009***

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# ***Nolan, Calcasola & Company, P.C.***

*Certified Public Accountants*

## **Accountant's Review Report**

*To the Board of Directors  
Prison Policy Initiative, Inc.*

We have reviewed the accompanying statement of financial position of Prison Policy Initiative, Inc. (a not for profit corporation) as of June 30, 2009, and the related statements of activities, functional expenses and cash flows for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of Prison Policy Initiative, Inc.

A review consists principally of inquiries of Corporation personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

*Nolan, Calcasola & CO P.C.*

September 17, 2009

**Prison Policy Initiative, Inc.**  
**Statement of Financial Position**  
**June 30, 2009**

Assets

Cash and cash equivalents	\$ 9,522
Cash savings	<u>25,000</u>
Total assets	<u><u>\$ 34,522</u></u>

Liabilities and net assets

Accrued expenses	<u>\$ 1,759</u>
Total liabilities	<u>1,759</u>

Net assets

Unrestricted	6,194
Temporarily restricted	<u>26,569</u>
Total net assets	<u>32,763</u>

Total liabilities and net assets	<u><u>\$ 34,522</u></u>
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The accompanying notes are an integral part of this statement.

**Prison Policy Initiative, Inc.**  
**Statement of Activities**  
**Year Ended June 30, 2009**

Revenue and support

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Grants	\$ -	\$ 107,953	\$ 107,953
Contributions	7,882		7,832
Fees	2,716		2,716
Interest income	11		11
Net assets released from restrictions	<u>81,384</u>	<u>(81,384)</u>	<u>-</u>
Total revenue and support	91,993	26,569	118,562
Expenses			
Program expenses	62,630		62,630
Management and general	9,512		9,512
Fund raising expenses	<u>7,623</u>		<u>7,623</u>
Total expense	<u>79,765</u>		<u>79,765</u>
Change in net assets	12,228	26,569	38,797
Net assets as of beginning of year	<u>(6,034)</u>	<u>0</u>	<u>(6,034)</u>
Net assets as of end of year	<u>\$ 6,194</u>	<u>\$ 26,569</u>	<u>\$ 32,763</u>

The accompanying notes are an integral part of this statement.

**Prison Policy Initiative, Inc.**  
**Statement of Cash Flows**  
**Year Ended June 30, 2009**

Cash flows from operating activities	
Change in net assets	\$ 38,797
Change in liabilities	<u>(13,129)</u>
Net cash provided by operating activities	25,668
Cash flows from investing activities	
Investment in savings	<u>(25,000)</u>
Net cash used by investing activities	<u>(25,000)</u>
Net increase in cash and cash equivalents	668
Cash and cash equivalents at beginning of year	<u>8,854</u>
Cash and cash equivalents at end of year	<u><u>\$ 9,522</u></u>

The accompanying notes are an integral part of this statement.

Prison Policy Initiative, Inc.  
Statement of Functional Expenses  
Year Ended June 30, 2009

	Programs	Management and General	Fund Raising	Total
Salaries and taxes	\$ 53,983	\$ 6,748	\$ 6,748	\$ 67,479
Payroll taxes	3,509	439	439	4,387
Employee benefits	1,440	180	180	1,800
Occupancy		723		723
Supplies		235		235
Telephone and Internet	1,227	152	153	1,532
Travel	386			386
Consultants	545			545
Work study labor	558			558
Postage and shipping	524	65	65	654
Computer related	458			458
Accounting fees		400		400
Promotion expense			38	38
Dues		250		250
Bank charges		270		270
Fees		50		50
<b>Total expenses</b>	<b>\$ 62,630</b>	<b>\$ 9,512</b>	<b>\$ 7,623</b>	<b>\$ 79,765</b>

The accompanying notes are an integral part of this statement.

## **1 Organization and Purpose**

Prison Policy Initiative, Inc. was incorporated under Chapter 180 of the general laws of the Commonwealth of Massachusetts. The purpose of the Corporation is to conduct strategic research on incarceration policy with the goal of decreasing the use of incarceration as a means of addressing social problems.

## **2 Summary of Significant Accounting Policies**

The financial statements have been prepared in accordance with the Statement of Financial Accounting Standards No. 117, and with the recommendations of the American Institute of Certified Public Accountants in its industry audit guide, Audits of Voluntary Health and Welfare Organizations. The Corporation 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. The Corporation, currently, has unrestricted net assets and temporarily restricted assets.

### **Revenues**

The Corporation is funded through contributions and grants. The Corporation has no formal fund-raising program and does not plan to employ professional fund-raisers.

### **Use of Estimates**

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses. Accordingly, actual results could differ from those estimates.

### **Property and Equipment**

Property and equipment are valued at cost. Depreciation is computed on the straight-line method over the estimated useful life of the assets. Additions and renewals, unless minor in amount, are capitalized. Expenditures for maintenance, repairs and minor renewals are expensed in the period incurred. When assets are sold or retired, the related cost and accumulated depreciation are removed from the respective accounts and any resulting gain or loss is credited or charged to income.

### **Cash and Cash Equivalents**

For purposes of the Statement of Cash of Flows, the Corporation considers all unrestricted highly liquid accounts to be cash with maturities less than three months.



## **2 Summary of Significant Accounting Policies (continued)**

### **Concentration of Credit Risk**

The Corporation maintains various bank accounts with a financial institution. Accounts at this institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. The total cash at this institution as of June 30, 2009, is \$34,522.

### **3 Federal Income Tax Status**

The Corporation is exempt from Federal income tax under Section 501(a) of the Internal Revenue Code of 1954, as amended ("Code Section"), as an organization described in Section 501(c)(3).

### **4 Net Assets**

The Corporation recognizes contributions received during the year as unrestricted support if there are no restrictions relating to time or manner of use. If there are restrictions as to time or manner of use such contributions are classified as temporarily restricted support. If there are restrictions that stipulate that resources be maintained permanently but allows the organization to use part or all of the income such contributions are classified as permanently restricted support. Board designations of contributions received are not classified as restricted since the Board may reverse such designations.

### **5 Temporarily Restricted Assets**

Temporarily restricted assets as of June 30, 2009 were \$26,569 for the Prisoners of the Census Project.