

***Prison Policy Initiative, Inc.
Financial Statements
June 30, 2010***

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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, 2010, 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 20, 2010

Prison Policy Initiative, Inc.
Statement of Financial Position
June 30, 2010

Assets	
Cash and cash equivalents	\$ 8,760
Cash savings	<u>104,682</u>
Total assets	<u>\$ 113,442</u>
Liabilities and net assets	
Accrued expenses	<u>\$ 6,746</u>
Total liabilities	<u>6,746</u>
Net assets	
Unrestricted	4,831
Temporarily restricted	<u>101,865</u>
Total net assets	<u>106,696</u>
Total liabilities and net assets	<u>\$ 113,442</u>

The accompanying notes are an integral part of this statement.

Prison Policy Initiative, Inc.
Statement of Activities
Year Ended June 30, 2010

Revenue and support

	Unrestricted	Temporarily Restricted	Total
Grants	\$ -	\$ 222,640	\$ 222,640
Contributions	9,102		9,102
Fees	1,659		1,659
Interest income	816		816
Net assets released from restrictions	147,344	(147,344)	-
Total revenue and support	158,921	75,296	234,217
 Expenses			
Program expenses	129,489		129,489
Management and general	16,832		16,832
Fund raising expenses	13,963		13,963
Total expense	160,284		160,284
Change in net assets	(1,363)	75,296	73,933
Net assets as of beginning of year	6,194	26,569	32,763
Net assets as of end of year	\$ 4,831	\$ 101,865	\$ 106,696

The accompanying notes are an integral part of this statement.

Prison Policy Initiative, Inc.
Statement of Cash Flows
Year Ended June 30, 2010

Cash flows from operating activities	
Change in net assets	\$ 73,933
Change in liabilities	<u>4,987</u>
Net cash provided by operating activities	78,920
Cash flows from investing activities	
Investment in savings	<u>(79,682)</u>
Net cash used by investing activities	<u>(79,682)</u>
Net increase in cash and cash equivalents	(762)
Cash and cash equivalents at beginning of year	<u>9,522</u>
Cash and cash equivalents at end of year	<u><u>\$ 8,760</u></u>

The accompanying notes are an integral part of this statement.

Prison Policy Initiative, Inc.
Statement of Functional Expenses
Year Ended June 30, 2010

	Programs	Management and General	Fund Raising	Total
Salaries and taxes	\$ 96,806	\$ 12,101	\$ 12,101	\$ 121,008
Payroll taxes	7,740	968	968	9,676
Employee benefits	2,340	292	293	2,925
Occupancy	2,400			2,400
Supplies	3,664			3,664
Insurance		1,156		1,156
Telephone and Internet	2,545	318	318	3,181
Travel	5,837			5,837
Consultants	2,400			2,400
Work study labor				-
Printing	379	47	47	473
Postage and shipping	650	81	81	812
Computer related	4,727			4,727
Accounting fees		875		875
Promotion expense			155	155
Dues		440		440
Bank charges		458		458
Fees		97		97
Total expenses	\$ 129,489	\$ 16,832	\$ 13,963	\$ 160,284

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 generally accepted accounting principles. 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 \$250,000. The total cash at this institution as of June 30, 2010, is \$113,442.

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, 2010 were \$101,865 for the Prisoners of the Census Project.

6 Related Party Transaction

During the course of the year the organization paid rent of \$1,800 to the executive director.