

**Prison Policy Initiative, Inc.**  
**Financial Statements**  
**June 30, 2015**

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***Nolan Calcasola, P.C.***  
*Certified Public Accountant*

**Independent Accountant's Review Report**

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

I have reviewed the accompanying statement of financial position of Prison Policy Initiative, Inc. (a not for profit corporation) as of June 30, 2015, and the related statements of activities, cash flows and functional expenses for the year then ended.

A review includes primarily applying analytical procedures to management's financial data and making inquiries of Corporation's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, I do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements. My responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require me to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. I believe that the results of my procedures provide a reasonable basis for my report.

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

*Nolan Calcasola, P.C.*

October 29, 2015

**Prison Policy Initiative, Inc.**  
**Statement of Financial Position**  
**June 30, 2015**

**Assets**

**Current Assets**

Cash and cash equivalents	\$ 161,730
Certificate of deposit	200,945

<b>Total Current Assets</b>	<b>362,675</b>
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Equipment (net of accumulated depreciation of \$9,165)	13,436
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<b>Total Assets</b>	<b>\$ 376,111</b>
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**Liabilities and Net Assets**

**Current Liabilities**

Accrued expenses	\$ 5,982
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<b>Total Current Liabilities</b>	<b>5,982</b>
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**Net Assets**

Unrestricted	217,909
Temporarily restricted	152,220

<b>Total Net Assets</b>	<b>370,129</b>
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<b>Total Liabilities and Net Assets</b>	<b>\$ 376,111</b>
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**Prison Policy Initiative, Inc.**  
**Statement of Activities**  
**Year Ended June 30, 2015**

**Revenue and Support**

	Unrestricted	Temporarily Restricted	Total
Grants	\$ 26,333	\$ 179,363	\$ 205,696
Contributions	71,867		71,867
Honoraria	12,100		12,100
Administrative income	8,214		8,214
Interest income	1,757		1,757
Net assets released from restrictions	231,310	(231,310)	-
<b>Total Revenue and Support</b>	<b>351,581</b>	<b>(51,947)</b>	<b>299,634</b>
<b>Expenses</b>			
Program expenses	196,242		196,242
Fundraising expenses	39,391		39,391
Management and general	33,767		33,767
<b>Total Expense</b>	<b>269,400</b>		<b>269,400</b>
<b>Change In Net Assets</b>	<b>82,182</b>	<b>(51,947)</b>	<b>30,235</b>
Net assets at beginning of year	135,727	204,167	339,894
<b>Net Assets at End of Year</b>	<b>\$ 217,909</b>	<b>\$ 152,220</b>	<b>\$ 370,129</b>

**Prison Policy Initiative, Inc.  
Statement of Cash Flows  
Year Ended June 30, 2015**

**Increase (Decrease) in Cash and Cash Equivalents**

**Cash Flows Provided (Used) by Operating Activities**

**Change in Net Assets** **\$ 30,235**

Adjustments to reconcile change in net cash provided (used) by operating activities:

Depreciation	3,650
Increase (decrease) in current liabilities	1,137

**Net Cash Flows Provided (Used) by Operating Activities** **35,022**

**Cash Flows Provided (Used) by Investing Activities**

(Increase) decrease in certificate of deposit	(200,945)
(Increase) decrease in equipment	(6,149)

**Net Cash Flows Provided (Used) by Investing Activities** **(207,094)**

**Net Increase (Decrease) in Cash and Cash Equivalents** **(172,072)**

Cash and cash equivalents at beginning of year	333,802
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**Cash and Cash Equivalents at End of Year** **\$ 161,730**

**Prison Policy Initiative, Inc.**  
**Statement of Functional Expenses**  
**Year Ended June 30, 2015**

	<u>Programs</u>	<u>Fund Raising</u>	<u>Management and General</u>	<u>Total</u>
Salaries and taxes	\$ 155,912	\$ 31,182	\$ 20,788	\$ 207,883
Payroll taxes	12,514	2,503	1,669	16,685
Occupancy	8,111	1,622	1,082	10,815
Employee benefits	4,603	921	614	6,137
Telephone and internet	3,718	744	496	4,957
Travel	2,966	593	395	3,954
Depreciation			3,650	3,650
Supplies	3,398			3,398
Insurance			2,194	2,194
Postage and shipping	1,399	280	187	1,865
Consultants	1,750			1,750
Promotion expense		1,542		1,542
Accounting fees			1,300	1,300
Staff development	818			818
Dues			786	786
Research tools	607			607
Bank charges			461	461
Work study	424			424
Taxes			143	143
Printing and copying	23	5	3	30
<b>Total Expenses</b>	<b><u>\$ 196,242</u></b>	<b><u>\$ 39,391</u></b>	<b><u>\$ 33,767</u></b>	<b><u>\$ 269,400</u></b>

See Accountant's Independent Review Report.

**Prison Policy Initiative, Inc.**  
**Notes to Financial Statements**  
**June 30, 2015**

**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 use strategic research, advocacy and organizing to show how over-criminalization and mass incarceration harm individuals and undermine our communities and national well-being.

**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.

**Common Expenses**

Common operating expenses are allocated to programs based on estimated time spent.



**Prison Policy Initiative, Inc.**  
**Notes to Financial Statements**  
**June 30, 2015**

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

**Publicity and Promotions**

The Corporation uses publicity and promotion to promote its programs. Such costs are expensed as incurred.

**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 these institutions as of June 30, 2015, is \$161,730.

**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, 2015 were \$152,220.

**6. Equipment**

The Corporation has equipment of \$22,601 and related accumulated depreciation of \$9,165 for net book value of \$13,436. The depreciation is computed using straight line depreciation over the asset's estimated useful life with no salvage value. The depreciation deduction take during the year was \$3,650.

**Prison Policy Initiative, Inc.**  
**Notes to Financial Statements**  
**June 30, 2015**

**7. Income Taxes**

On July 1, 2010 the Corporation adopted the recognition requirements for uncertain income tax provisions as required by generally accepted accounting principles, with no cumulative effect adjustment required. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more likely than not be sustained upon the examination by the taxing authorities. The Corporation has analyzed tax positions taken for the filing with the Internal Revenue Service and all jurisdictions where it operates. The Corporation believes that the income tax positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect in financial condition, results of operations or cash flows. Therefore, the Corporation has not recorded any reserves or related accruals for interest and penalties at June 30, 2015.

The Corporation is subject to routine audits by taxing jurisdictions; however there are currently no audits for any tax periods in progress. The Corporation believes it is no longer subject to income tax examinations for tax years prior to 2011.

The Corporation's policy is to classify income tax related interest and penalties in interest expense and other expenses, respectively.

**8. Subsequent Events**

The Corporation did not have any recognized or non-recognized subsequent events after June 30, 2015, the date of the statement of financial position. Subsequent events have been evaluated through October 29, 2015, the date the financial statements were issued.