INSTITUTE FOR POLICY STUDIES

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS’ REPORT

December 31, 2010
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INDEPENDENT AUDITORS’ REPORT

To the Board of Trustees
Institute for Policy Studies

We have audited the accompanying statement of financial position of Institute for Policy Studies (the Institute) as of December 31, 2010, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Institute’s management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Institute’s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence to support the amounts and disclosures in the financial statements, 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 Institute for Policy Studies at December 31, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

HAN GROUP LLC
February 17, 2012
## Assets

- Cash and cash equivalents $36,126
- Contributions and grants receivable, net of allowance for doubtful accounts of $48,000 37,500
- Prepaid expenses and deposits 70,047
- Other receivables 8,608
- Investments 1,011,372
- Artwork 15,900
- Property and equipment, net 87,182

Total assets $1,266,735

## Liabilities and Net Assets

### Liabilities

- Accounts payable $107,935
- Accrued expenses 21,452
- Accrued vacation 51,914
- Annuity liability 48,750
- Capital lease obligation 47,442
- Deferred rent liability 1,522

Total liabilities 279,015

### Net Assets

- Unrestricted 18,275
- Temporarily restricted 969,445

Total net assets 987,720

Total liabilities and net assets $1,266,735

See accompanying notes.
## Revenue and Support

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributions and grants</td>
<td>$554,374</td>
<td>$2,251,698</td>
<td>$2,806,072</td>
</tr>
<tr>
<td>Investment income</td>
<td>86,799</td>
<td>-</td>
<td>86,799</td>
</tr>
<tr>
<td>Seminar and special event income</td>
<td>28,392</td>
<td>-</td>
<td>28,392</td>
</tr>
<tr>
<td>Rent Income</td>
<td>17,650</td>
<td>-</td>
<td>17,650</td>
</tr>
<tr>
<td>Change in value of split-interest agreements</td>
<td>(10,339)</td>
<td>-</td>
<td>(10,339)</td>
</tr>
<tr>
<td>Other</td>
<td>28,562</td>
<td>-</td>
<td>28,562</td>
</tr>
<tr>
<td><strong>Net assets released from restrictions:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Satisfaction of purpose restrictions</td>
<td>2,930,464</td>
<td>(2,930,464)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total revenue and support</strong></td>
<td>3,635,902</td>
<td>(678,766)</td>
<td>2,957,136</td>
</tr>
</tbody>
</table>

## Expenses

<table>
<thead>
<tr>
<th>Program services:</th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Democracy and Fairness</td>
<td>1,318,712</td>
<td>-</td>
<td>1,318,712</td>
</tr>
<tr>
<td>Special Projects</td>
<td>981,911</td>
<td>-</td>
<td>981,911</td>
</tr>
<tr>
<td>Peace and Security</td>
<td>676,256</td>
<td>-</td>
<td>676,256</td>
</tr>
<tr>
<td>Global Justice</td>
<td>647,813</td>
<td>-</td>
<td>647,813</td>
</tr>
<tr>
<td><strong>Total program services</strong></td>
<td>3,624,692</td>
<td>-</td>
<td>3,624,692</td>
</tr>
<tr>
<td>Supporting services:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administrative</td>
<td>251,082</td>
<td>-</td>
<td>251,082</td>
</tr>
<tr>
<td>Fundraising</td>
<td>204,447</td>
<td>-</td>
<td>204,447</td>
</tr>
<tr>
<td><strong>Total supporting services</strong></td>
<td>455,529</td>
<td>-</td>
<td>455,529</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td>4,080,221</td>
<td>-</td>
<td>4,080,221</td>
</tr>
</tbody>
</table>

## Change in Net Assets

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in Net Assets</td>
<td>(444,319)</td>
<td>(678,766)</td>
<td>(1,123,085)</td>
</tr>
<tr>
<td><strong>Net Assets, beginning of year - restated</strong></td>
<td>462,594</td>
<td>1,648,211</td>
<td>2,110,805</td>
</tr>
<tr>
<td><strong>Net Assets, end of year</strong></td>
<td>$18,275</td>
<td>$969,445</td>
<td>$987,720</td>
</tr>
</tbody>
</table>
## Statement of Cash Flows

**Year Ended December 31, 2010**

<table>
<thead>
<tr>
<th>Cash Flows from Operating Activities</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in net assets</td>
<td>$(1,123,085)</td>
</tr>
<tr>
<td>Adjustments to reconcile change in net assets to net cash used in operating activities:</td>
<td></td>
</tr>
<tr>
<td>Unrealized gain on investments</td>
<td>$(13,664)</td>
</tr>
<tr>
<td>Depreciation</td>
<td>35,637</td>
</tr>
<tr>
<td>Change in value of split-interest agreement</td>
<td>10,339</td>
</tr>
<tr>
<td>Change in operating assets and liabilities:</td>
<td></td>
</tr>
<tr>
<td>Decrease in contributions and grants receivable</td>
<td>622,459</td>
</tr>
<tr>
<td>Increase in prepaid expenses and deposits</td>
<td>$(28,269)</td>
</tr>
<tr>
<td>Increase in other receivables</td>
<td>$(587)</td>
</tr>
<tr>
<td>Increase in accounts payable</td>
<td>55,005</td>
</tr>
<tr>
<td>Decrease in accrued expenses</td>
<td>$(29,430)</td>
</tr>
<tr>
<td>Increase in accrued vacation</td>
<td>51,914</td>
</tr>
<tr>
<td>Decrease in deferred rent liability</td>
<td>$(13,685)</td>
</tr>
<tr>
<td><strong>Net cash used in operating activities</strong></td>
<td><strong>$(433,366)</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cash Flows from Investing Activities</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Proceeds from sale of investments</td>
<td>1,206,881</td>
</tr>
<tr>
<td>Purchases of investments</td>
<td>$(775,504)</td>
</tr>
<tr>
<td>Purchases of property and equipment</td>
<td>$(30,973)</td>
</tr>
<tr>
<td><strong>Net cash provided by investing activities</strong></td>
<td><strong>400,404</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cash Flows from Financing Activities</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Payments under annuity agreements</td>
<td>$(10,737)</td>
</tr>
<tr>
<td>Payment on capital lease obligation</td>
<td>$(10,956)</td>
</tr>
<tr>
<td><strong>Net cash used in financing activities</strong></td>
<td><strong>$(21,693)</strong></td>
</tr>
</tbody>
</table>

**Net Decrease in Cash and Cash Equivalents** | $(54,655) |

| Cash and Cash Equivalents, beginning of year | 90,781 |
| Cash and Cash Equivalents, end of year      | $36,126 |

**Supplemental Information**

- Property and equipment purchased using capital lease obligation: $32,178
- Interest paid: $4,049

See accompanying notes.
1. Nature of Operations

Institute for Policy Studies (the Institute), founded in 1963, is a transnational center for research, education and social invention. The Institute sponsors critical examination of the assumptions and policies that define America's posture on domestic and international issues and offers alternative strategies and visions. Areas of focus include domestic policy, national security, international economics and human rights. A tax-exempt, nonprofit organization that accepts no government funds, the Institute guards the freedom of its scholars to be both critical and creative.

The work of the Institute reflects the realization that the social and political problems facing the United States – militarism, environmental decay and economic injustice – are all part of a larger global context. In an effort to seek alternatives to these problems, in 1973, the Institute established its international program, which addresses the fundamental disparity between the rich and poor and nations of the world, investigates its causes and develops alternatives for its remedy. The activities of the Institute are funded primarily through contributions and grants from other organizations and foundations.

2. Summary of Significant Accounting Policies

Basis of Presentation

The Institute prepares its financial statements on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents

Cash and cash equivalents consist of monies held in demand deposit accounts and highly liquid investments with initial maturity dates of three months or less. However, cash equivalents exclude money market funds and other cash held within investment accounts, which are normally held for a longer period of time.

Contributions and Grants Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates appropriate for the expected term of the promise to give. Amortization of the discount is included in contributions and grants in the accompanying statement of activities.
2. **Summary of Significant Accounting Policies (continued)**

**Contributions and Grants Receivable (continued)**

The Institute uses the allowance method to determine uncollectible contributions and grants receivable. The allowance is based on management's analysis of specific contributions. As a result, it is possible that the Institute's estimate of the carrying amount of contributions and grants receivable could change in the near term.

**Investments**

Investments consist of cash and money market funds, government securities, equity securities, and corporate fixed income. Investments in cash and money market funds, government securities, equity securities, and corporate fixed income are recorded in the financial statements at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Interest, dividends and realized gains or losses are recorded as investment income when earned, net of fees. Fluctuations in the fair market value of the investment portfolio are recorded as unrealized gains or losses.

**Artwork**

Artwork consists of donated photographs and sketches and is carried at its recorded value, which is the estimated fair market value at the time of donation. The artwork is not depreciated.

**Property and Equipment**

Property and equipment are recorded at cost. Depreciation on property and equipment is provided for on a straight-line basis over the estimated useful lives of the assets, which range from three to seven years. Leasehold improvements are amortized using the straight-line method over the lesser of the lease term or their estimated useful lives.

The cost of property and equipment retired or disposed of is removed from the accounts along with the related accumulated depreciation and any gain or loss is reflected in income or expense in the accompanying statement of activities. Major additions are capitalized, while replacements, maintenance and repairs that do not improve or extend the lives of the respective assets are expensed as incurred.
2. Summary of Significant Accounting Policies (continued)

Gift Annuities

The Institute has received irrevocable gift annuities from several donors. The donors give the Institute a cash contribution and, in return, the Institute agrees to make payments to the donor for the remaining life of the donor or the donor's designated beneficiary. A liability is recorded in the accompanying statement of financial position at the present value of the expected future payments owed by the Institute under these agreements based on current rates in the Internal Revenue Service's (IRS) actuarial tables for annuities.

Actuarial gains or losses resulting from changes in assumptions used to calculate the liability for the present value of future annuity payments are recorded as increases or decreases in the respective net asset class on the accompanying statement of activities. Upon the donor's death, the remaining liability is recognized as revenue.

Classification of Net Assets

The net assets of the Institute are reported as follows:

- Unrestricted net assets represent the portion of expendable funds that are available for support of the Institute's operations and are not subject to donor-imposed stipulations.

- Temporarily restricted net assets represent amounts that are subject to donor-imposed restrictions to be used for a particular purpose or within a specific time period.

Revenue Recognition

The Institute reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported on the accompanying statement of activities as net assets released from restrictions.

Unrestricted contributions and grants are reported as revenue in the year in which the payments are received or unconditional promises are made. Revenue recognized on contributions that have been committed to the Institute but have not been received is reflected as contributions and grants receivable on the accompanying statement of financial position. Conditional promises to give are not recognized as support until the conditions are substantially met.
2. **Summary of Significant Accounting Policies (continued)**

   **Revenue Recognition (continued)**

   Contribution revenue from charitable gift annuities is recognized at the date the agreement is established, net of the liability recorded for the present value of the estimated future payments to be made to the respective donors or other beneficiaries. The present value of payments to beneficiaries of charitable gift annuities is calculated using discount rates, which represent the risk-free rates in existence at the date of the gift. Gains or losses resulting from changes in assumptions used to calculate the discount are recorded as increases or decreases in the respective net asset class on the accompanying statement of activities.

   Revenue from all other sources is recognized when earned.

   **Functional Allocation of Expenses**

   The cost of providing the various programs and other activities has been summarized on a functional basis in the accompanying statement of activities. Accordingly, certain indirect costs have been allocated among the programs and supporting services benefited based on management's estimate of shared costs.

   **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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

3. **Concentrations of Credit Risks**

   The Institute maintains cash deposits and investments with various financial institutions that may, from time to time, exceed insurable limits. Management periodically assesses the financial condition of the institutions and believes that the risk of any loss is minimal.

   At December 31, 2010, the Institute's contributions and grants receivable of $37,500 is due from foundations and individual donors and are expected to be collected within one year.
4. **Investments**

The Institute's investments consist of the following at December 31, 2010:

<table>
<thead>
<tr>
<th>Investment Type</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and money market funds</td>
<td>$100,570</td>
</tr>
<tr>
<td>Government securities</td>
<td>556,894</td>
</tr>
<tr>
<td>Equity securities</td>
<td>348,814</td>
</tr>
<tr>
<td>Corporate fixed income</td>
<td>5,094</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$1,011,372</strong></td>
</tr>
</tbody>
</table>

Investment income consists of the following for the years ended December 31, 2010:

<table>
<thead>
<tr>
<th>Income Type</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Realized gains</td>
<td>$44,243</td>
</tr>
<tr>
<td>Interest and dividends</td>
<td>28,892</td>
</tr>
<tr>
<td>Unrealized gains</td>
<td>13,664</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$86,799</strong></td>
</tr>
</tbody>
</table>

5. **Fair Value of Financial Instruments**

The Institute adopted the provisions of ASC Topic 820, *Fair Value Measurements*, for financial assets and liabilities measured on a recurring basis. The ASC defines fair value, establishes a framework for measuring fair value in accordance with generally accepted accounting principles and requires disclosures about fair value measurements.

The ASC emphasizes that fair value is a market-based measurement, not an entity-specific measurement, and, therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, the ASC established a fair value hierarchy based upon the transparency of the inputs to the valuation of an asset or liability.

These inputs may be observable, whereby market participant assumptions are developed based on market data obtained from independent sources, and unobservable, whereby assumptions about market participant assumptions are developed by the reporting entity based on the best information available in the circumstances.
5. **Fair Value of Financial Instruments (continued)**

The three levels of fair value hierarchy are described as follows:

- **Level 1** - Inputs based on unadjusted, quoted market prices in active markets for identical assets or liabilities accessible at the measurement date.

- **Level 2** - Inputs 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 asset or liability, such as quoted prices for similar assets or liabilities in active markets.

- **Level 3** - Unobservable inputs for the asset or liability including the reporting entity's own assumptions in determining the fair value measurement.

The following table summarizes the Institute's investments at December 31, 2010, which are measured at fair value on a recurring basis, aggregated by type and the fair value hierarchy level which those measurements were made.

<table>
<thead>
<tr>
<th>Investments</th>
<th>Total Fair Value</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and money market funds</td>
<td>$100,570</td>
<td>$100,570</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Government securities</td>
<td>556,894</td>
<td>556,894</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Equity securities</td>
<td>348,814</td>
<td>348,814</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Corporate fixed income</td>
<td>5,094</td>
<td>-</td>
<td>5,094</td>
<td>-</td>
</tr>
<tr>
<td>Artwork</td>
<td>15,900</td>
<td>-</td>
<td>-</td>
<td>15,900</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$1,027,272</td>
<td>$1,006,278</td>
<td>$5,094</td>
<td>$15,900</td>
</tr>
</tbody>
</table>

The Institute used the following methods and significant assumptions to estimate fair value for assets recorded at fair value:

- **Cash and money market funds** reflect amounts that approximate fair value due to the short-term maturity of these instruments.

- **Government securities and equity securities** are measured using quoted market prices for identical assets in active markets.
5. Fair Value of Financial Instruments (continued)

- **Corporate fixed income** consists of securities with fixed maturities that generally do not trade on a daily basis. The fair value estimates of such fixed-maturity investments are based on observable market information, rather than market quotes. Accordingly, the estimates of fair value for such fixed-maturity investments as provided by a pricing service are included in the amount disclosed in Level 2 of the hierarchy.

- **Artwork** is measured at the original cost plus any appreciation in value.

A roll forward of the fair value measurements using unobservable inputs was as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fair value, December 31, 2009</td>
<td>$15,900</td>
</tr>
<tr>
<td>Additions or change in fair value</td>
<td>-</td>
</tr>
<tr>
<td>Fair value, December 31, 2010</td>
<td>$15,900</td>
</tr>
</tbody>
</table>

6. Property and Equipment

The Institute held the following property and equipment at December 31, 2010:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Furniture and equipment</td>
<td>$116,253</td>
</tr>
<tr>
<td>Equipment under capital leases</td>
<td>60,080</td>
</tr>
<tr>
<td>Total property and equipment</td>
<td>176,333</td>
</tr>
<tr>
<td>Less: accumulated depreciation</td>
<td>(89,151)</td>
</tr>
<tr>
<td>Property and equipment, net</td>
<td>$87,182</td>
</tr>
</tbody>
</table>

7. Annuity Liability

The Institute is a beneficiary of several charitable gift annuity trusts. Under the terms of the agreements, the Institute is obligated to pay fixed annual amounts ranging from $300 to $5,500 to the original donor as long as the annuitants or joint annuitants are living. The net present value of the obligation under charitable gift annuities, using actuarial tables based on the annuitant’s or joint annuitant’s expected life, amounted to $48,750 at December 31, 2010.
8. **Commitments**

**Operating Leases**

The Institute has entered into non-cancellable operating lease agreements for office space that expires through February 29, 2016. Under the terms of these leases, base rent is subject to annual increases ranging from 2.5% to 3.0% over the previous year's adjusted rent. Under accounting principles generally accepted in the United States of America, all fixed-rent increases are recognized on a straight-line basis over the term of the lease. Total rent expense was $261,792 for the year ended December 31, 2010. Future minimum lease payments required under these operating leases are as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Minimum Rent Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>$227,315</td>
</tr>
<tr>
<td>2012</td>
<td>231,787</td>
</tr>
<tr>
<td>2013</td>
<td>237,581</td>
</tr>
<tr>
<td>2014</td>
<td>243,521</td>
</tr>
<tr>
<td>2015</td>
<td>249,609</td>
</tr>
<tr>
<td>Thereafter</td>
<td>42,207</td>
</tr>
</tbody>
</table>

Total future minimum lease payments: $1,232,020

**Capital Leases**

The Institute leases office equipment under long-term capital lease agreements that expire through January 2015. The capital lease assets are included in property and equipment at a total cost of $60,079 and the related accumulated amortization of $12,267 at December 31, 2010. The future minimum lease payments required under these capital leases are as follows at December 31, 2010:

<table>
<thead>
<tr>
<th>Year</th>
<th>Minimum Rent Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>$14,328</td>
</tr>
<tr>
<td>2012</td>
<td>14,328</td>
</tr>
<tr>
<td>2013</td>
<td>14,328</td>
</tr>
<tr>
<td>2014</td>
<td>12,260</td>
</tr>
<tr>
<td>2015</td>
<td>677</td>
</tr>
</tbody>
</table>

Total future minimum lease payments: 55,921
Less: amount representing interest: (8,479)

Capital lease obligations: $47,442
9. **Temporarily Restricted Net Assets**

Temporarily restricted net assets are available for the following at December 31, 2010:

- Newman Fellowship $492,200
- Resource Rights $166,156
- Global Economy $84,285
- Raskin Freedom Fund $83,180
- Other Worlds $56,147
- New Economy $28,035
- Other Words $22,550
- Guantanamo Health $21,069
- NAFTA $15,823

Total temporarily restricted net assets $969,445

10. **Endowment for the Raskin Freedom Fund**

On April 30, 2007, the HKH Foundation awarded the Institute an endowment gift of $1,000,000 for the Raskin Freedom Fund. The gift is conditional upon the Institute's satisfaction of a two-to-one matching requirement and is to be released in increments of $100,000 upon demonstration by the Institute of the receipt of $200,000 in other support for the endowment. The Institute has until 2011 to raise the matching funds. As of December 31, 2010, the Institute had not recorded any revenue from the award, since it has not satisfied the minimum matching requirement.

11. **Pension Plan**

The Institute sponsors a 403(b) tax-deferred annuity plan for its employees. Employees are eligible to participate in the plan immediately upon commencement of employment. Participating employees may contribute a portion of their income on a tax-deferred basis and the Institute matches 100% of the employee elective deferrals up to a maximum of 4% of each employee's compensation after the employee has completed two years of service. Employees are fully vested in the plan at the time of enrollment. Pension expenses were $32,946 for the year ended December 31, 2010.

12. **Income Taxes**

The Institute is recognized as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and is exempt from income taxes other than taxes on net unrelated business income. No tax expenses were recorded in the accompanying financial statements for the year ended December 31, 2010 as there were no unrelated business activities.
12. Income Taxes (continued)

The Organization recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. The Organization has performed an evaluation of uncertain tax positions for the year ended December 31, 2010, and determined that there were no matters that would require recognition in the financial statements or which may have any effect on its tax exempt status.

13. Subsequent Event

In preparing these financial statements, the Institute has evaluated events and transactions for potential recognition or disclosure through February 17, 2012, the date the financial statements were available to be issued. There were no subsequent events that require recognition of or disclosure in the financial statements.

14. Prior Period Adjustments

During the year ended December 31, 2010, the Institute restated its net asset balance at the beginning of the year, to correct for a misstatement in the classification of net assets between permanently restricted, temporarily restricted and unrestricted net assets. This is due to an error in recording a permanently restricted contribution that should have been recorded as temporarily restricted contribution. In addition, the purpose restriction of this temporarily restricted contribution has been satisfied and should have been released from restriction prior to 2010. While there was no effect from this restatement on total net assets or the change in net assets as previously reported, the adjustment increased unrestricted net assets by $108,985, and decreased temporarily restricted net assets and permanently restricted net assets by $5,169 and $103,816, respectively, at January 1, 2010.