

INSTITUTE FOR POLICY STUDIES

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

December 31, 2011 and 2010

INSTITUTE FOR POLICY STUDIES

Financial Statements

December 31, 2011 and 2010

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Institute for Policy Studies

We have audited the accompanying statements of financial position of Institute for Policy Studies (the Institute) as of December 31, 2011 and 2010, and the related statements of activities and cash flows for the years 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 audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 audits provide 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, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

HAN GROUP LLC

HAN GROUP LLC
McLean, Virginia
September 6, 2012

INSTITUTE FOR POLICY STUDIES

Statements of Financial Position

December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Assets		
Cash and cash equivalents	\$ 95,524	\$ 36,126
Contributions and grants receivable, net of allowance for doubtful accounts of \$0 and \$48,000, respectively	883,217	37,500
Other receivables	6,977	8,608
Investments	822,175	1,011,372
Prepaid expenses and deposits	67,138	70,047
Artwork	15,900	15,900
Property and equipment, net	56,745	87,182
Total assets	<u>\$ 1,947,676</u>	<u>\$ 1,266,735</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 99,367	\$ 107,935
Accrued expenses	6,522	21,452
Accrued vacation	75,814	51,914
Annuity liability	47,377	48,750
Capital lease obligation	36,644	47,442
Deferred rent liability	29,894	1,522
Total liabilities	<u>295,618</u>	<u>279,015</u>
Net Assets		
Unrestricted	617,380	18,275
Temporarily restricted	1,034,678	969,445
Total net assets	<u>1,652,058</u>	<u>987,720</u>
Total liabilities and net assets	<u>\$ 1,947,676</u>	<u>\$ 1,266,735</u>

See accompanying notes.

INSTITUTE FOR POLICY STUDIES

Statement of Activities

Year Ended December 31, 2011

	Unrestricted	Temporarily Restricted	Total
Revenue and Support			
Contributions and grants	\$ 1,468,742	\$ 2,598,301	\$ 4,067,043
Investment income	45,007	-	45,007
Seminar and special event income	28,389	-	28,389
Rent income	24,118	-	24,118
Change in value of split-interest agreements	(6,368)	-	(6,368)
Other	18,747	-	18,747
Net assets released from restrictions:			
Satisfaction of purpose restrictions	2,533,068	(2,533,068)	-
Total revenue and support	<u>4,111,703</u>	<u>65,233</u>	<u>4,176,936</u>
Expenses			
Program services:			
New Economy	1,523,989	-	1,523,989
Common Security	922,062	-	922,062
Special Projects	612,941	-	612,941
Total program services	<u>3,058,992</u>	<u>-</u>	<u>3,058,992</u>
Supporting services:			
Administrative	227,918	-	227,918
Fundraising	225,688	-	225,688
Total supporting services	<u>453,606</u>	<u>-</u>	<u>453,606</u>
Total expenses	<u>3,512,598</u>	<u>-</u>	<u>3,512,598</u>
Change in Net Assets	599,105	65,233	664,338
Net Assets, beginning of year	<u>18,275</u>	<u>969,445</u>	<u>987,720</u>
Net Assets, end of year	<u>\$ 617,380</u>	<u>\$ 1,034,678</u>	<u>\$ 1,652,058</u>

See accompanying notes.

INSTITUTE FOR POLICY STUDIES

Statement of Activities

Year Ended December 31, 2010

	Unrestricted	Temporarily Restricted	Total
Revenue and Support			
Contributions and grants	\$ 554,374	\$ 2,251,698	\$ 2,806,072
Investment income	86,799	-	86,799
Seminar and special event income	28,392	-	28,392
Rent Income	17,650	-	17,650
Change in value of split-interest agreements	(10,339)	-	(10,339)
Other	28,562	-	28,562
Net assets released from restrictions:			
Satisfaction of purpose restrictions	2,930,464	(2,930,464)	-
Total revenue and support	<u>3,635,902</u>	<u>(678,766)</u>	<u>2,957,136</u>
Expenses			
Program services:			
Democracy and Fairness	1,318,712	-	1,318,712
Special Projects	981,911	-	981,911
Peace and Security	676,256	-	676,256
Global Justice	647,813	-	647,813
Total program services	<u>3,624,692</u>	<u>-</u>	<u>3,624,692</u>
Supporting services:			
Administrative	251,082	-	251,082
Fundraising	204,447	-	204,447
Total supporting services	<u>455,529</u>	<u>-</u>	<u>455,529</u>
Total expenses	<u>4,080,221</u>	<u>-</u>	<u>4,080,221</u>
Change in Net Assets	(444,319)	(678,766)	(1,123,085)
Net Assets, beginning of year - restated	<u>462,594</u>	<u>1,648,211</u>	<u>2,110,805</u>
Net Assets, end of year	<u>\$ 18,275</u>	<u>\$ 969,445</u>	<u>\$ 987,720</u>

See accompanying notes.

INSTITUTE FOR POLICY STUDIES

Statements of Cash Flows

Years Ended December 31, 2011 and 2010

	2011	2010
Cash Flows from Operating Activities		
Change in net assets	\$ 664,338	\$ (1,123,085)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Unrealized (gain) loss on investments	11,509	(13,664)
Loss from disposal of property and equipment	404	-
Depreciation	34,909	35,637
Change in value of split-interest agreement	6,368	10,339
Change in operating assets and liabilities:		
(Increase) decrease in contributions and grants receivable	(845,717)	622,459
Decrease (increase) in prepaid expenses and deposits	2,909	(28,269)
Decrease (increase) in other receivables	1,631	(587)
(Decrease) increase in accounts payable	(8,568)	55,005
Decrease in accrued expenses	(14,930)	(29,430)
Increase in accrued vacation	23,900	51,914
Decrease in annuity liability	(7,741)	(10,737)
Increase (decrease) in deferred rent liability	28,372	(13,685)
Net cash used in operating activities	<u>(102,616)</u>	<u>(444,103)</u>
Cash Flows from Investing Activities		
Net proceeds from sale and maturities of investments	177,688	431,377
Purchases of property and equipment	<u>(4,876)</u>	<u>(30,973)</u>
Net cash provided by investing activities	<u>172,812</u>	<u>400,404</u>
Cash Flows from Financing Activities		
Payment on capital lease obligation	<u>(10,798)</u>	<u>(10,956)</u>
Net cash used in financing activities	<u>(10,798)</u>	<u>(10,956)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	59,398	(54,655)
Cash and Cash Equivalents, beginning of year	<u>36,126</u>	<u>90,781</u>
Cash and Cash Equivalents, end of year	<u>\$ 95,524</u>	<u>\$ 36,126</u>
Supplemental Information		
Property and equipment purchased using capital lease obligation	<u>\$ -</u>	<u>\$ 32,178</u>
Interest paid	<u>\$ 10,850</u>	<u>\$ 4,049</u>

See accompanying notes.

INSTITUTE FOR POLICY STUDIES

Notes to Financial Statements

December 31, 2011 and 2010

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 statements 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, corporate fixed income and municipal bonds. Investments in cash and money market funds, government securities, equity securities, corporate fixed income, and municipal bonds 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. 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 statements 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.

INSTITUTE FOR POLICY STUDIES

Notes to Financial Statements

December 31, 2011 and 2010

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 statements 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 statements 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 statements 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 statements 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 statements 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 statements 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.

Reclassifications

Certain amounts from the 2010 financial statements have been reclassified to conform to the 2011 financial statement presentation.

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.

INSTITUTE FOR POLICY STUDIES

Notes to Financial Statements

December 31, 2011 and 2010

4. Investments

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

	<u>2011</u>	<u>2010</u>
Cash and money market funds	\$ 113,646	\$ 100,570
Government securities	396,923	556,894
Equity securities	290,439	348,814
Municipal bonds	11,153	-
Corporate fixed income	<u>10,014</u>	<u>5,094</u>
Total	<u>\$ 822,175</u>	<u>\$ 1,011,372</u>

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

	<u>2011</u>	<u>2010</u>
Realized gains	\$ 34,511	\$ 44,243
Interest and dividends	22,005	28,892
Unrealized (loss) gains	<u>(11,509)</u>	<u>13,664</u>
Total	<u>\$ 45,007</u>	<u>\$ 86,799</u>

5. Fair Value of Financial Instruments

The Institute adopted the provisions of Accounting Standards Codification (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.

INSTITUTE FOR POLICY STUDIES

Notes to Financial Statements

December 31, 2011 and 2010

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 tables summarize the Institute's investments which are measured at fair value on a recurring basis, aggregated by type and the fair value hierarchy level which those measurements were made.

December 31, 2011:

	<u>Total Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments:				
Cash and money market funds	\$ 113,646	\$ 113,646	\$ -	\$ -
Government securities	396,923	396,923	-	-
Equity securities	290,439	290,439	-	-
Municipal bonds	11,153	-	11,153	-
Corporate fixed income	10,014	-	10,014	-
Artwork	15,900	-	-	15,900
	<u>113,646</u>	<u>396,923</u>	<u>21,167</u>	<u>15,900</u>
Total	<u>\$ 838,075</u>	<u>\$ 801,008</u>	<u>\$ 21,167</u>	<u>\$ 15,900</u>

INSTITUTE FOR POLICY STUDIES

Notes to Financial Statements

December 31, 2011 and 2010

5. Fair Value of Financial Instruments (continued)December 31, 2010:

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

The Institute uses 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.
- *Corporate fixed income and municipal bonds* consist 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.

INSTITUTE FOR POLICY STUDIES

Notes to Financial Statements

December 31, 2011 and 2010

5. Fair Value of Financial Instruments (continued)

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

Fair value, December 31, 2009	\$ 15,900
Additions or change in fair value	<u>-</u>
Fair value, December 31, 2010	\$ 15,900
Additions or change in fair value	<u>-</u>
Fair value, December 31, 2011	<u><u>\$ 15,900</u></u>

6. Property and Equipment

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

	2011	2010
Furniture and equipment	\$ 103,553	\$ 116,253
Equipment under capital leases	<u>60,080</u>	<u>60,080</u>
Total property and equipment	163,633	176,333
Less: accumulated depreciation	<u>(106,888)</u>	<u>(89,151)</u>
Property and equipment, net	<u><u>\$ 56,745</u></u>	<u><u>\$ 87,182</u></u>

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 \$47,377 and \$48,750 at December 31, 2011 and 2010, respectively.

INSTITUTE FOR POLICY STUDIES

Notes to Financial Statements

December 31, 2011 and 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 \$253,285 and \$261,792 for the years ended December 31, 2011 and 2010, respectively. Future minimum lease payments required under these operating leases are as follows:

For the years ending December 31:

2012	\$	231,787
2013		237,581
2014		243,521
2015		249,609
2016		<u>42,207</u>
Total future minimum lease payments	\$	<u>1,004,705</u>

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 \$24,283 and \$12,267 at December 31, 2011 and 2010, respectively. The future minimum lease payments required under these capital leases are as follows at December 31, 2011:

For the years ending December 31:

2012	\$	14,328
2013		14,328
2014		12,260
2015		<u>677</u>
Total future minimum lease payments		41,593
Less: amount representing interest		<u>(4,949)</u>
Capital lease obligations	\$	<u>36,644</u>

INSTITUTE FOR POLICY STUDIES

Notes to Financial Statements

December 31, 2011 and 2010

9. Temporarily Restricted Net Assets

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

	<u>2011</u>	<u>2010</u>
Climate Justice	\$ 270,887	\$ -
Newman Fellowship	258,453	492,200
Global Economy	227,496	84,285
Economic Hardship Project	80,777	-
Resource Rights	63,961	166,156
Inequality Boston	42,877	-
FPIF-Right Web	25,931	-
Break the Chain	24,230	-
New Mexico Fellowship	15,500	-
New Economy Working Group	15,007	28,035
Other Worlds Haiti	9,459	56,147
Cvijeto Job	100	-
Raskin Freedom Fund	-	83,180
Other Words	-	22,550
Guantanamo Health	-	21,069
NAFTA	-	15,823
Total temporarily restricted net assets	<u>\$ 1,034,678</u>	<u>\$ 969,445</u>

10. Conditional Contribution for the Raskin Freedom Fund

On April 30, 2007, the HKH Foundation awarded the Institute a conditional 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 2012 to raise the matching funds. The Institute met the first \$100,000 matching requirement during 2011 and recorded \$200,000 contribution revenue from the HKH Foundation for the year ended December 31, 2011.

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 \$40,707 and \$32,946 for the years ended December 31, 2011 and 2010, respectively.

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 except for taxes on unrelated business activities. No tax expense was recorded in the accompanying financial statements for the years ended December 31, 2011 and 2010 as there were no unrelated business activities.

ASC topic 740-10, *Income Taxes*, provides guidance for reporting uncertainty in income taxes. The Institute has performed an evaluation of uncertain tax positions for the years ended December 31, 2011 and 2010, and determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements. Income tax and information returns for years ended December 31, 2008 or later remain subject to examination by various taxing authorities.

13. Subsequent Events

In preparing these financial statements, the Institute has evaluated events and transactions for potential recognition or disclosure through September 6, 2012, the date the financial statements were available to be issued.

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.