



WOMEN'S PRISON ASSOCIATION

Financial Statements
(Together with Independent Auditors' Report)
Years Ended September 30, 2010 and 2009

WOMEN'S PRISON ASSOCIATION AND HOME, INC.

**FINANCIAL STATEMENTS
(Together with Independent Auditors' Report)**

YEARS ENDED SEPTEMBER 30, 2010 AND 2009

CONTENTS

	<u>Page</u>
Independent Auditors' Report	1
Statements of Financial Position.....	2
Statements of Activities.....	3
Statements of Functional Expenses	4-5
Statements of Cash Flows	6
Notes to Financial Statements	7-14

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Women's Prison Association and Home, Inc.

We have audited the accompanying statements of financial position of Women's Prison Association and Home, Inc. ("WPA") as of September 30, 2010 and 2009, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of WPA'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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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 the Women's Prison Association and Home, Inc. as of September 30, 2010 and 2009, 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.

Mark Paneth & Shron LLP

New York, NY
March 25, 2011

WOMEN'S PRISON ASSOCIATION AND HOME, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2010 AND 2009

	2010	2009
ASSETS		
Cash and cash equivalents (Notes 2C and 11)	\$ 231,367	\$ 1,326,040
Investments (Notes 2E, 2N, 3, 11 and 12)	354,148	167,757
Contract and grant receivables (Note 2D)	1,240,516	1,414,840
Pledge receivable (Note 2D)	30,000	-
Prepaid expenses and other assets (Notes 2F and 7)	190,539	235,216
Property and equipment, net (Notes 2G, 4 and 7)	623,836	706,232
TOTAL ASSETS	\$ 2,670,406	\$ 3,850,085
 LIABILITIES		
Accounts payable and accrued expenses	\$ 386,291	\$ 504,034
Note payable (Note 6)	37,366	49,661
Contract advances (Notes 2H and 5)	160,813	403,804
Deferred rent	122,537	123,250
Mortgage payable (Note 7)	3,750,000	3,750,000
TOTAL LIABILITIES	4,457,007	4,830,749
 COMMITMENTS AND CONTINGENCIES (Note 13)		
 NET ASSETS / (DEFICIT) (Note 2I):		
Unrestricted (Note 14):		
Invested in property and equipment	586,470	656,571
Operating	(3,436,768)	(2,644,846)
Total unrestricted	(2,850,298)	(1,988,275)
Temporarily restricted (Note 10)	593,621	537,535
Permanently restricted (Note 11)	470,076	470,076
TOTAL NET DEFICIT	(1,786,601)	(980,664)
 TOTAL LIABILITIES AND NET DEFICIT	 \$ 2,670,406	 \$ 3,850,085

The accompanying notes are an integral part of these financial statements.

WOMEN'S PRISON ASSOCIATION AND HOME, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED SEPTEMBER 30, 2010 AND 2009

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2010	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2009
PUBLIC SUPPORT AND REVENUE:								
Public Support:								
Contributions and grants (Notes 2I, 2J, 2K and 2L)	\$ 516,092	\$ 298,123	\$ -	\$ 814,215	\$ 430,276	\$ 272,600	\$ -	\$ 702,876
Government grants	4,762,808	-	-	4,762,808	5,582,719	-	-	5,582,719
Special events, net of direct expenses \$42,372 in 2010 and \$16,598 in 2009 (Note 2F)	113,215	-	-	113,215	82,633	-	-	82,633
Interest and dividend income	8,433	-	-	8,433	11,428	-	-	11,428
Unrealized gain on investments	7,525	-	-	7,525	60,755	-	-	60,755
Realized gain / (loss) on sale of investments	2,179	-	-	2,179	(86,439)	-	-	(86,439)
Miscellaneous	21,016	-	-	21,016	39,184	-	-	39,184
Net assets released from restrictions satisfaction of program restrictions (Note 10)	242,037	(242,037)	-	-	383,316	(383,316)	-	-
TOTAL PUBLIC SUPPORT AND REVENUE	5,673,305	56,086	-	5,729,391	6,503,872	(110,716)	-	6,393,156
EXPENSES: (Note 2M)								
Program Services:								
Direct client services	5,171,708	-	-	5,171,708	5,542,822	-	-	5,542,822
Public outreach and education	159,223	-	-	159,223	306,062	-	-	306,062
Total program services	5,330,931	-	-	5,330,931	5,848,884	-	-	5,848,884
Supporting Services:								
Management and general	994,354	-	-	994,354	1,149,852	-	-	1,149,852
Fundraising	210,043	-	-	210,043	215,374	-	-	215,374
Total supporting services	1,204,397	-	-	1,204,397	1,365,226	-	-	1,365,226
TOTAL EXPENSES	6,535,328	-	-	6,535,328	7,214,110	-	-	7,214,110
CHANGE IN NET ASSETS (NOTE 14)	(862,023)	56,086	-	(805,937)	(710,238)	(110,716)	-	(820,954)
Net (deficit) / assets - beginning of year	(1,988,275)	537,535	470,076	(880,664)	(1,278,037)	648,251	470,076	(159,710)
NET (DEFICIT) / ASSETS - END OF YEAR	\$ (2,850,298)	\$ 537,535	\$ 470,076	\$ (1,786,601)	\$ (1,988,275)	\$ 537,535	\$ 470,076	\$ (980,664)

The accompanying notes are an integral part of these financial statements.

WOMEN'S PRISON ASSOCIATION AND HOME, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2010
(WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2009)

	Program Services			Supporting Services			2010	2009
	Direct Client Services	Public Outreach and Education	Total Program Services	Management and General	Fund Raising	Total Supporting Services		
Salaries	\$ 2,751,387	\$ 86,015	\$ 2,837,402	\$ 657,212	\$ 108,598	\$ 765,810	\$ 3,603,212	\$ 4,125,970
Payroll taxes and employee benefits	800,804	26,518	827,322	130,069	27,283	157,352	984,674	1,004,277
Total Salaries and Related Costs	3,552,191	112,533	3,664,724	787,281	135,881	923,162	4,587,886	5,130,247
Rent (Note 13)	354,420	13,454	367,874	36,212	-	36,212	404,086	377,469
NJ Ave occupancy costs	5,934	-	5,934	-	-	-	5,934	28,378
Program supplies	79,783	54	79,837	486	70	556	80,393	89,054
Program service consultants	19,855	3,725	23,580	-	-	-	23,580	26,713
Information and technology	210,380	7,024	217,404	25,699	11,641	37,340	254,744	272,051
Utilities	182,989	644	183,633	2,313	62	2,375	186,008	160,970
Repairs and maintenance	281,329	55	281,384	1,334	-	1,334	282,718	287,729
Equipment lease / rental	54,882	1,339	56,221	12,686	2,846	15,532	71,753	70,948
Office supplies	27,294	428	27,722	4,516	327	4,843	32,565	33,148
Postage and delivery	4,456	227	4,683	919	953	1,872	6,555	8,755
Printing and copying	7,435	68	7,503	506	1,660	2,166	9,669	19,098
Insurance	113,815	2,922	116,737	12,108	3,423	15,531	132,268	129,431
Professional fees	49,931	7,080	57,011	16,567	43,247	59,814	116,825	152,690
Client activities and assistance	87,237	6,961	94,198	182	64	246	94,444	101,251
Staff travel	39,845	261	40,106	1,594	45	1,639	41,745	30,724
Training, conferences and meetings	9,717	226	9,943	2,219	1,094	3,313	13,256	11,493
Recruitment and advertising	2,020	74	2,094	148	41	189	2,283	2,972
Interest expense	-	-	-	44,225	-	44,225	44,225	100,329
Amortization of financing fee	-	-	-	31,794	-	31,794	31,794	31,794
Bank charges	4,154	5	4,159	2,170	2,843	5,013	9,172	7,926
Payroll processing fees	9,546	276	9,822	1,090	312	1,402	11,224	12,006
Bad debt expense	-	-	-	-	-	-	-	1,500
Depreciation and amortization	72,595	1,845	74,440	8,267	2,758	11,025	85,465	110,113
Miscellaneous	1,900	22	1,922	2,038	2,776	4,814	6,736	17,321
TOTAL EXPENSES	\$ 5,171,708	\$ 159,223	\$ 5,330,931	\$ 994,354	\$ 210,043	\$ 1,204,397	\$ 6,535,328	\$ 7,214,110

The accompanying notes are an integral part of these financial statements.

WOMEN'S PRISON ASSOCIATION AND HOME, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Program Services			Supporting Services			2009
	Direct Client Services	Public Outreach and Education	Total Program Services	Management and General	Fund Raising	Total Supporting Services	
Salaries	\$ 3,160,351	\$ 187,577	\$ 3,347,928	\$ 675,594	\$ 102,448	\$ 778,042	\$ 4,125,970
Payroll taxes and employee benefits	761,032	43,159	804,191	178,757	21,329	200,086	1,004,277
Total Salaries and Related Costs	3,921,383	230,736	4,152,119	854,351	123,777	978,128	5,130,247
Rent (Note 13)	309,914	15,963	325,877	51,592	-	51,592	377,469
NJ Ave occupancy costs	28,378	-	28,378	-	-	-	28,378
Program supplies	88,696	358	89,054	-	-	-	89,054
Program service consultants	21,173	5,540	26,713	-	-	-	26,713
Information and technology	219,133	28,170	247,303	18,185	6,563	24,748	272,051
Utilities	160,085	237	160,322	648	-	648	160,970
Repairs and maintenance	286,061	56	286,117	1,424	188	1,612	287,729
Equipment lease / rental	45,732	1,232	46,964	20,790	3,194	23,984	70,948
Office supplies	25,347	389	25,736	6,772	640	7,412	33,148
Postage and delivery	6,158	599	6,757	559	1,439	1,998	8,755
Printing and copying	13,119	497	13,616	1,266	4,216	5,482	19,098
Insurance	97,563	4,599	102,162	24,516	2,753	27,269	129,431
Professional fees	70,522	6,371	76,893	11,728	64,069	75,797	152,690
Client activities and assistance	96,992	4,091	101,083	168	-	168	101,251
Staff travel	27,834	1,565	29,399	1,242	83	1,325	30,724
Training, conferences and meetings	6,935	1,367	8,302	2,563	628	3,191	11,493
Recruitment and advertising	2,725	113	2,838	134	-	134	2,972
Interest expense	-	-	-	100,329	-	100,329	100,329
Amortization of financing fee	-	-	-	31,794	-	31,794	31,794
Bank charges	5,023	-	5,023	1,180	1,723	2,903	7,926
Payroll processing fees	9,951	478	10,429	1,291	286	1,577	12,006
Bad debt expense	-	1,500	1,500	-	-	-	1,500
Depreciation and amortization	96,622	2,077	98,699	9,337	2,077	11,414	110,113
Miscellaneous	3,476	124	3,600	9,983	3,738	13,721	17,321
TOTAL EXPENSES	\$ 5,542,822	\$ 306,062	\$ 5,848,884	\$ 1,149,852	\$ 215,374	\$ 1,365,226	\$ 7,214,110

The accompanying notes are an integral part of these financial statements.

WOMEN'S PRISON ASSOCIATION AND HOME, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2010 AND 2009

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (805,937)	\$ (820,954)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation and amortization	85,465	110,113
Amortization of financing fee	31,794	31,794
Realized gain / (loss) on sale of investments	(2,179)	86,439
Unrealized gain on investments	(7,525)	(60,755)
Donated securities	(31,818)	(4,175)
Bad debt expense	-	1,500
Subtotal	(730,200)	(656,038)
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Contract and grant receivables	174,324	1,072,200
Other receivables	(30,000)	77,914
Prepaid expenses and other assets	12,883	(36,445)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(117,743)	(194,639)
Contract advances	(242,991)	(334,283)
Deferred rent	(713)	(2,702)
Net Cash Used by Operating Activities	(934,440)	(73,993)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Property and equipment acquisitions	(3,069)	(71,955)
Proceeds from sale of investments	348,251	202,436
Purchase of marketable investments	(493,120)	(179,617)
Net Cash Used by Investing Activities	(147,938)	(49,136)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of line of credit	-	(998,717)
Proceeds from note payable	-	60,901
Repayments of note payable	(12,295)	(11,240)
Net Cash Used by Financing Activities	(12,295)	(949,056)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,094,673)	(1,072,185)
Cash and cash equivalents-beginning of year	1,326,040	2,398,225
CASH AND CASH EQUIVALENTS—END OF YEAR	\$ 231,367	\$ 1,326,040
Supplemental Cash Flow Information:		
Cash paid during the year for interest	\$ 40,631	\$ 102,827

The accompanying notes are an integral part of these financial statements.

WOMEN'S PRISON ASSOCIATION AND HOME, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010 AND 2009

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

Women's Prison Association and Home, Inc. ("WPA") is organized under the Not-For-Profit Corporation Law of the State of New York. WPA has been granted exemption from federal income tax pursuant to Section 501(c)(3) of the Internal Revenue Code. The purpose of WPA is to create opportunities for women prisoners, ex-prisoners and their families to change their lives by providing programs through which women acquire life skills needed to end involvement in the criminal justice system and to make positive, healthy choices for themselves and their families. WPA has been in existence for over 150 years and maintains a tradition of public information and advocacy designed to ameliorate jail and prison conditions for women. WPA also works to increase public awareness of and support for effective, community-based responses to crime.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. **Basis of presentation** - WPA's financial statements have been prepared on the accrual basis of accounting. WPA adheres to accounting principles generally accepted in the United States of America ("U.S. GAAP").
- B. **Use of estimates** - The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
- C. **Cash and cash equivalents** - Cash and cash equivalents include all cash balances and highly liquid investments with a maturity of three months or less when acquired. WPA places its temporary cash investments with high credit financial institutions.
- D. **Pledge, contract and grant receivables** - Principal support for the programs operated by WPA is derived directly from various New York State governmental sources and indirectly from Federal governmental sources. WPA recognizes revenue from these sources when the contractual obligations are met. Revenues from government agencies are subject to audit by the agencies. No provision for any disallowance is reflected in the accompanying financial statements, since management does not anticipate any material adjustments.

WPA determines whether an allowance for uncollectible accounts receivable should be provided. Such estimates are based on management's assessment of the aged basis of WPA's funding sources, current economic conditions, and historical information. As of September 30, 2010 and 2009, WPA determined that an allowance was not necessary for pledge, contract and grant receivables.
- E. **Investments** - Investments are stated at fair value. Investment income and gains and losses are recorded as unrestricted revenue unless specifically restricted by the donor.
- F. **Deferred financing costs** - The costs incurred in connection with the refinancing of the mortgage (see Note 7) are deferred and amortized using the straight-line method over the term of the mortgage. This method does not materially differ from the effective interest method.
- G. **Property and equipment** - Property and equipment are recorded at cost. Depreciation is computed by the straight-line method based on the estimated useful lives of the related assets. WPA capitalizes all individual items with a cost of \$500 or more and a useful life of greater than one year. Leasehold improvements amortization expense is calculated by using the lesser of the useful life of the asset or the life of the lease.
- H. **Contract advances** - Support from governmental contracts and grants received prior to providing services are deferred and recognized over the periods to which the services relate.

WOMEN'S PRISON ASSOCIATION AND HOME, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010 AND 2009

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- I. **Net assets** - WPA maintains its net assets under the following three classes:
- Unrestricted – represents resources available for support of WPA's operations over which the Board of Directors (the "Board") has discretionary control.
 - Temporarily restricted – represents assets that are subject to donor-imposed stipulations. When a 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 in the statement of activities as net assets released from restrictions.
 - Permanently restricted – represents net assets that are subject to donor-imposed stipulations, restricted to investment in perpetuity and the income from which is expendable for general purposes.
- J. **Contributions** - Contributions, including cash and in-kind contributions, are recorded as revenue in the period in which they are received.
- K. **Contributed services** - No amounts have been reflected in the accompanying financial statements for donated services. WPA pays for most services which require specific expertise. However, many individuals volunteer their time to assist WPA with various board committee assignments, fundraising efforts and direct and indirect services that benefit clients.
- L. **Donated assets** - Donated investments and other noncash donations are recorded as contributions at their fair values at the date of donation.
- M. **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 functional expenses. Accordingly, certain costs have been allocated among the program services and supporting services benefited.
- N. **Fair value measurement** - Fair value measurements are based on 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. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three levels, as described in Note 12.
- O. **Uncertainties in income taxes** - Effective October 1, 2009, WPA adopted the provisions of FASB ASC 740, "Accounting for Uncertainties in Income Taxes", which provides standards for establishing and classifying any tax provisions for uncertain positions. The adoption of FASB ASC 740 did not have an effect on the WPA's financial position as of September 1, 2009 or WPA's results of operations and cash flows for the year ended September 30, 2010. WPA is no longer subject to federal or state and local income tax examinations by tax authorities for fiscal years before 2007.
- P. **Direct costs** - The direct costs of special events include expenses for the benefit of the donor. For example, meals and facilities rental are considered direct costs of special events.
- Q. **Subsequent events** - Management has evaluated, for potential recognition and disclosure, events subsequent to the statements of financial position date through March 25, 2011, the date the financial statements were available to be issued. No events have occurred subsequent to the statements of financial position date through March 25, 2011 that would require adjustment to or disclosure in the financial statements.

WOMEN'S PRISON ASSOCIATION AND HOME, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010 AND 2009

NOTE 3 – INVESTMENTS

Investments consist of the following as of September 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Equity securities	\$ 327,398	\$ 167,757
Corporate bonds	<u>26,750</u>	<u>-</u>
Total	<u>\$ 354,148</u>	<u>\$ 167,757</u>

Investments are subject to market volatility that could change their carrying value in the near term.

Investment fees for the years ended September 30, 2010 and 2009 amounted to \$4,862 and \$5,882, respectively.

During 2010 and 2009, WPA received contributions of marketable equity securities that had a fair value of \$31,818 and \$4,175, respectively.

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment as of September 30, 2010 and 2009 consisted of the following:

	<u>2010</u>	<u>2009</u>	<u>Estimated Useful Lives</u>
Land	\$ 9,000	\$ 9,000	
Building and improvements	1,213,990	1,213,990	30 years
Leasehold improvements	197,216	112,171	5-10 years
Equipment, furniture and fixtures	<u>1,663,422</u>	<u>1,660,353</u>	5 years
	3,083,628	2,995,514	
Less: accumulated depreciation and amortization	<u>2,459,792</u>	<u>2,289,282</u>	
Total	<u>\$ 623,836</u>	<u>\$ 706,232</u>	

Depreciation and amortization expense for September 30, 2010 and 2009 amounted to \$85,465 and \$110,113, respectively.

NOTE 5 – CONTRACT ADVANCES

This amount consists of advances from government agencies under grant agreements for which WPA has not yet met the grant conditions or provided the services. The contract advances will be recognized as they are earned through expenditures in accordance with the agreement. As of September 30, 2010 and 2009, the balance of the contract advances amounted to \$160,813 and \$403,804, respectively.

NOTE 6 – NOTE PAYABLE

Note payable consists of an amount payable to the landlord of 100 Pennsylvania Avenue pursuant to a construction agreement. The note is repayable in monthly installments of \$1,355, which includes interest at 9%. The interest paid for the year ended September 30, 2010 and 2009 amounted to \$3,970 and \$5,025, respectively. As of September 30, 2010 and 2009, the balance of the note payable amounted to \$37,366 and \$49,661, respectively. Future annual principal payments are as follows for the years ended after September 30, 2010:

WOMEN'S PRISON ASSOCIATION AND HOME, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010 AND 2009

NOTE 6 – NOTE PAYABLE (Continued)

	<u>Amount</u>
2011	\$ 13,448
2012	4,710
2013	<u>9,208</u>
	<u>\$ 37,366</u>

NOTE 7 – MORTGAGE PAYABLE

WPA owns the Hopper Home building, located at 110 Second Avenue in New York City. An unrelated party (the "Mortgagee") owns the neighboring property. On September 26, 2008, WPA closed on a mortgage in the amount of \$3,750,000, with the neighboring unrelated party, secured by the Hopper Home. Interest is payable monthly at the lower of the three-month LIBOR rate plus .75% (floating) or base rate (prime) plus 1% (1.15% and 1.26% at September 30, 2010 and 2009, respectively) and the entire outstanding principal amount is payable to the Mortgagee on June 1, 2013. Borrowings under the mortgage are collateralized by WPA's property located at 110 Second Avenue, New York, New York. WPA incurred mortgage origination costs totaling \$148,369 (see Note 2F). Amortization of these costs began October 1, 2008 and extend over the life of the mortgage. The unamortized portion of the closing costs of \$84,781 and \$116,575 as of September 30, 2010 and 2009, respectively, which is included under prepaid expenses and other assets in the statements of financial position. The terms of the mortgage also give the right of first offer to the Mortgagee for purchase of the building.

Interest expense for the mortgage payable for the years ended September 30, 2010 and 2009 was \$40,255 and \$93,424, respectively.

NOTE 8 – RELATED PARTY TRANSACTIONS

WPA and Huntington House Housing Development Fund Corporation ("HDFC"), a separate nonprofit corporation, are related through common board members. The board members of HDFC are appointed by the New York City Homeless Housing Assistance Corporation.

WPA utilizes the facilities of HDFC to operate its transitional housing program. Any excess cash available from the operation of the program is required to be used to reduce HDFC's mortgage, which has a balance of approximately \$2,160,000 at September 30, 2010 and 2009. As of September 30, 2010 and 2009, the program has not generated excess cash.

NOTE 9 – PENSION PLANS

WPA maintains a profit-sharing plan for the benefit of all eligible employees. Contributions are based upon a percentage of each employee's salary as determined by WPA's Board of Directors. The Board of Directors suspended making any contributions to the plan for the years ended September 30, 2010 and 2009.

WPA also maintains a noncontributory tax sheltered annuity plan that allows employees to defer a portion of their salaries for tax purposes through payroll deductions.

NOTE 10 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets of \$242,037 and \$383,316 were released from donor restrictions during the years ended September 30, 2010 and 2009, respectively, by incurring expenses satisfying the restricted purpose of providing programs.

WOMEN'S PRISON ASSOCIATION AND HOME, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010 AND 2009

NOTE 10 – TEMPORARILY RESTRICTED NET ASSETS (Continued)

Temporarily restricted net assets as of September 30, 2010 and 2009, respectively, consisted of the following:

	<u>2010</u>	<u>2009</u>
Purpose restriction:		
Client Emergency Services	\$ 43,880	\$ 35,857
Youth Services	246,110	231,510
Community Linkage Unit	3,000	3,000
Law Project	-	3,568
Family Preservation Program	101,821	163,821
Parent Child Home Program	69,031	-
Women's Advocacy Project	30,000	-
HIV Services	<u>99,779</u>	<u>99,779</u>
	<u>\$ 593,621</u>	<u>\$ 537,535</u>

NOTE 11 – ENDOWMENT NET ASSETS

Permanently restricted net assets consist of endowment fund assets to be held indefinitely. The income from the assets can be used to support WPA's general activities.

U.S. GAAP provides guidance on the net asset classifications of donor-restricted endowment funds for a not-for-profit organization that is subject to the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"). New York State enacted a version of UPMIFA on September 17, 2010. This law is commonly referred to as "NYPMIFA" (New York Prudent Management Institutional Funds Act).

The Board of Directors of WPA has interpreted New York State nonprofit law (UMIFA prior to September 17, 2010 and NYPMIFA thereafter) as requiring the preservation of the historic dollar value of the original donor-restricted endowment gift as of the gift date, absent explicit donor stipulations to the contrary. See Note 2I for how WPA maintains its net assets

In accordance with U.S. GAAP, organizations are required to disclose any deterioration of the fair value of assets associated with donor-restricted endowment funds that fall below the level the donor requires the organization to retain in perpetuity. These deficiencies resulted from unfavorable market fluctuations that occurred in the economy as a whole that affected the donor-restricted endowment fund, where the fair market value of the donor-restricted endowment fund was below the amount that is required to be retained permanently by \$137,010 as of September 30, 2010.

WPA's endowment investment policy is to invest assets into investment instruments approved by the Finance Committee of the Board of Directors with the allocation of funds based upon specified target percentages (or range of target percentages) for each type of investment instrument. The overall investment objective is to maximize the total return from income (dividends and interest) and the appreciation of investments. Any earnings on the endowment funds are spent in the year they are earned. Unless authorized by the Board of Directors, the appropriations from the endowment funds should not deplete the historical dollar value of the endowment funds.

WOMEN'S PRISON ASSOCIATION AND HOME, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010 AND 2009

NOTE 11 – ENDOWMENT NET ASSETS (Continued)

Changes in endowment net assets for the year ended September 30, 2010 are as follows:

	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Investment activity:			
Interest and dividends	\$ 6,945	\$ -	\$ 6,945
Realized and unrealized gains	<u>5,696</u>	<u>-</u>	<u>5,696</u>
Change in endowment net assets	12,641	-	12,641
Endowment net assets, beginning of year	<u>(149,651)</u>	<u>470,076</u>	<u>320,425</u>
Endowment net assets, end of year	<u>\$ (137,010)</u>	<u>\$ 470,076</u>	<u>\$ 333,066</u>

Changes in endowment net assets for the year ended September 30, 2009 are as follows:

	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Investment activity:			
Interest and dividends	\$3,746	\$ -	\$ 3,746
Realized and unrealized losses	<u>(25,684)</u>	<u>-</u>	<u>(25,684)</u>
Change in endowment net assets	(21,938)	-	(21,938)
Endowment net assets, beginning of year	<u>(127,713)</u>	<u>470,076</u>	<u>342,363</u>
Endowment net assets, end of year	<u>\$ (149,651)</u>	<u>\$ 470,076</u>	<u>\$ 320,425</u>

Endowment net assets as of September 30, 2010 and 2009 consisted of the following:

	<u>2010</u>	<u>2009</u>
Investments	\$ 324,354	\$ 167,757
Cash and cash equivalents	<u>8,712</u>	<u>152,668</u>
	<u>\$ 333,066</u>	<u>\$ 320,425</u>

NOTE 12 – FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value hierarchy defines three levels as follows:

Level 1: Valuations based on quoted price (unadjusted) in an active market that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Valuations based on observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

WOMEN'S PRISON ASSOCIATION AND HOME, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010 AND 2009

NOTE 12 – FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Level 3: Valuations based on unobservable inputs are used when little or no market data. The fair value hierarchy gives lowest priority to Level 3 inputs.

In determining fair value, WPA utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible in its assessment of fair value.

Financial assets carried at fair value at September 30, 2010 are classified in the table below in various levels as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Assets Carried at Fair Value:			
Investments:			
Equities	\$ 327,398	\$ -	\$ 327,398
Bonds	<u>-</u>	<u>26,750</u>	<u>26,750</u>
Total Assets Carried at Fair Value	<u>\$ 327,398</u>	<u>\$ 26,750</u>	<u>\$ 354,148</u>

Financial assets carried at fair value at September 30, 2009 are classified in the table below in various levels as follows:

	<u>Level 1</u>
Assets Carried at Fair Value:	
Investments:	
Equities	<u>\$ 167,757</u>
Total Assets Carried at Fair Value	<u>\$ 167,757</u>

NOTE 13 – COMMITMENTS AND CONTINGENCIES

A. WPA is committed under two noncancelable operating agreements through 2013 for occupancy of its premises. Future minimum lease payments under the noncancelable operating leases in each of the years subsequent to September 30, 2010 are as follows:

	<u>Amount</u>
2011	\$ 419,000
2012	432,000
2013	<u>416,000</u>
Total	<u>\$ 1,267,000</u>

Rent expense for the years ended September 30, 2010 and 2009 amounted to \$404,086 and \$377,469, respectively.

B. Pursuant to WPA's contractual relationships with certain governmental funding sources, these governmental agencies have the right to examine the books and records of WPA involving transactions relating to these contracts. The accompanying financial statements make no provision for possible disallowances.

WOMEN'S PRISON ASSOCIATION AND HOME, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010 AND 2009

NOTE 14 – DEFICIT NET ASSETS

WPA's change in unrestricted net assets as of and for the years ended September 30, 2010 and 2009 amounted to approximately (\$862,000) and (\$710,000), respectively. The accumulated deficit from operations amounted to approximately \$3,437,000 and \$2,645,000 as of September 30, 2010 and 2009, respectively.

Management is committed to facilitating continued stability and improvements in WPA's financial position. Actions taken to reduce expenses, through consolidation of personnel functions and reductions in non-personnel costs, have contributed to a steep decline in expenses over the past 2 years. Additional revenue will be realized by maximizing earnings on all performance-based contracts, and management has begun planning for generation of additional funds. Management's strategies to increase private fundraising include: increasing fundraising capacity by upgrading our online donor functions to include more user-friendly donation pages on the agency's website, events registration and ticket purchases, and upgraded e-marketing technology all of which feeds directly into the agency's donor management system, Raiser's Edge; expanded Annual Appeal campaign reaching an additional 1,000 lapsed donors and integrating an e-campaign; launch and incorporation of social media; the launch of a formal corporate and major individual donor sponsorship campaign anchored by the annual benefit dinner; continued outreach to foundations that we have not previously approached; the formation of a junior committee charged with hosting the agency's first benefit after-party and resulting in continued small-scale fundraisers hosted by the committee throughout the year. In fiscal year 2010, WPA has brought back together foundation, corporate and individual fundraising efforts under one department, also including communication and external affairs strategies, to ensure more continuity in the agency's overall private fundraising efforts.

Management notes that, consistent with U.S. GAAP, the financial statements reflect depreciated value of WPA's property and assets. As such, the fair market value of WPA's assets is significantly greater than the depreciated value that the financial statements indicate. The depreciated value is a severe understatement of the fair market value of the property located at 110 Second Avenue, an early 1800's Greek revival mansion that retains original exterior and interior architectural features. WPA took a loan, secured by a mortgage on this property, in September 2008; in the months prior to the loan execution, WPA considered sale of the building. Several professional realtors presented proposals for handling a sale, appraisals of the building ranged from a low of \$6,500,000 to a high of \$8,000,000.