



FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

**THE SENTENCING PROJECT**

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DECEMBER 31, 2024 AND 2023**

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## **Independent Auditor's Report**

Board of Directors  
The Sentencing Project  
Washington, DC

### ***Opinion***

We have audited the accompanying financial statements of The Sentencing Project (the Organization), which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Sentencing Project as of December 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Sentencing Project and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Financial Statements***

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 the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Sentencing Project's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

***Auditor's Responsibilities for the Audit of the Financial Statements (Continued)***

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Sentencing Project's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Sentencing Project's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Councilor, Buchanan + Mitchell, P.C.*

Bethesda, Maryland  
September 5, 2025

Certified Public Accountants

# THE SENTENCING PROJECT

## STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2024 AND 2023

	2024	2023
<b>Assets</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 2,166,508	\$ 1,931,844
Investments	4,280,021	4,018,417
Contributions Receivable	1,800,015	904,648
Prepaid Expenses	57,050	66,056
Total Current Assets	8,303,594	6,920,965
Contributions Receivable, Net of Current Portion	1,689,193	100,000
Operating Right-of-Use Asset	304,355	67,379
<b>Property and Equipment</b>		
Furniture	8,819	8,819
Software and Computers	295,613	295,635
Leasehold Improvements	17,209	49,745
Less Accumulated Depreciation and Amortization	(229,680)	(187,710)
Net Property and Equipment	91,961	166,489
Security Deposit	12,568	19,540
<b>Total Assets</b>	<b>\$ 10,401,671</b>	<b>\$ 7,274,373</b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts Payable	\$ 129,706	\$ 92,704
Accrued Expenses	97,124	73,024
Refundable Advance	-	305,813
Operating Lease Liability	107,577	57,676
Total Current Liabilities	334,407	529,217
Operating Lease Liability, Net of Current Portion	243,795	-
Total Liabilities	578,202	529,217
<b>Net Assets</b>		
Net Assets Without Donor Restrictions		
Board Designated	500,000	500,000
Undesignated	4,415,212	3,803,910
Total Net Assets Without Donor Restrictions	4,915,212	4,303,910
Net Assets With Donor Restrictions	4,908,257	2,441,246
Total Net Assets	9,823,469	6,745,156
<b>Total Liabilities and Net Assets</b>	<b>\$ 10,401,671</b>	<b>\$ 7,274,373</b>

See accompanying Notes to Financial Statements.

**THE SENTENCING PROJECT**

**STATEMENTS OF ACTIVITIES**

**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

	2024			2023		
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
<b>Revenues</b>						
Contributions	\$ 3,915,650	\$ 4,288,950	\$ 8,204,600	\$ 2,624,431	\$ 1,331,294	\$ 3,955,725
Honoraria and Other Income	37,679	-	37,679	30,398	-	30,398
Investment Income	435,433	-	435,433	604,514	-	604,514
Net Assets Released from Restrictions	1,821,939	(1,821,939)	-	2,820,461	(2,820,461)	-
Total Revenues	6,210,701	2,467,011	8,677,712	6,079,804	(1,489,167)	4,590,637
<b>Expenses</b>						
Program Services						
Policy Reform Advocacy	54,238	-	54,238	60,420	-	60,420
Research and Public Education	170,215	-	170,215	543,860	-	543,860
Extreme Sentencing	2,168,065	-	2,168,065	2,012,781	-	2,012,781
Voting Rights	917,972	-	917,972	884,972	-	884,972
Youth Justice	713,149	-	713,149	492,232	-	492,232
Total Program Services	4,023,639	-	4,023,639	3,994,265	-	3,994,265
Supporting Services						
Fundraising	838,967	-	838,967	748,684	-	748,684
Management and General	736,793	-	736,793	762,399	-	762,399
Total Supporting Services	1,575,760	-	1,575,760	1,511,083	-	1,511,083
Total Expenses	5,599,399	-	5,599,399	5,505,348	-	5,505,348
Change in Net Assets	611,302	2,467,011	3,078,313	574,456	(1,489,167)	(914,711)
Net Assets, Beginning of Year	4,303,910	2,441,246	6,745,156	3,729,454	3,930,413	7,659,867
<b>Net Assets, End of Year</b>	<b>\$ 4,915,212</b>	<b>\$ 4,908,257</b>	<b>\$ 9,823,469</b>	<b>\$ 4,303,910</b>	<b>\$ 2,441,246</b>	<b>\$ 6,745,156</b>

*See accompanying Notes to Financial Statements.*

## THE SENTENCING PROJECT

### STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2024

	Program Services					Supporting Services				
	Policy Reform Advocacy	Research and Public Education	Extreme Sentencing	Voting Rights	Youth Justice	Total Program Services	Fundraising	Management and General	Total Supporting Services	Total Expenses
Salaries and Benefits	\$ 47,673	\$ 72,758	\$ 1,144,803	\$ 253,258	\$ 392,498	\$ 1,910,990	\$ 275,831	\$ 451,200	\$ 727,031	\$ 2,638,021
Consultants	1,922	34,430	407,677	342,052	214,322	1,000,403	266,341	83,118	349,459	1,349,862
Grants to Others	-	-	110,000	60,000	34,266	204,266	-	-	-	204,266
Meetings	-	361	221,102	199,792	9,005	430,260	3,617	6,268	9,885	440,145
Printing	43	98	1,393	251	446	2,231	3,135	338	3,473	5,704
Mail House Services	-	-	-	-	-	-	128,346	-	128,346	128,346
Travel	81	5,233	66,353	26,281	9,247	107,195	6,075	10,321	16,396	123,591
Accounting	-	-	-	-	-	-	-	98,292	98,292	98,292
Postage and Delivery	69	157	2,257	555	778	3,816	24,011	554	24,565	28,381
Occupancy	1,949	4,410	60,722	11,278	20,087	98,446	14,960	15,221	30,181	128,627
Office Supplies	64	302	3,061	432	966	4,825	1,178	12,670	13,848	18,673
Telephone and Fax	156	352	4,897	900	1,603	7,908	1,194	1,215	2,409	10,317
Office Equipment and Maintenance	79	1,869	3,019	458	1,263	6,688	608	618	1,226	7,914
Marketing and Advertisements	-	669	45,000	4,000	-	49,669	58,124	1,425	59,549	109,218
Professional Development	377	852	15,473	2,180	3,923	22,805	2,891	5,658	8,549	31,354
Depreciation and Amortization	1,421	3,216	44,284	8,225	14,649	71,795	10,910	11,102	22,012	93,807
Insurance	-	-	-	-	-	-	-	3,872	3,872	3,872
Bank Service Charges	-	-	-	-	-	-	-	26,337	26,337	26,337
Dues/Subscriptions/Registration Fees	81	7,970	14,919	6,439	6,764	36,173	16,393	1,409	17,802	53,975
IT Support/Website	278	37,435	20,743	1,609	2,865	62,930	24,969	4,121	29,090	92,020
Other	45	103	2,362	262	467	3,239	384	3,054	3,438	6,677
<b>Total Expenses</b>	<b>\$ 54,238</b>	<b>\$ 170,215</b>	<b>\$ 2,168,065</b>	<b>\$ 917,972</b>	<b>\$ 713,149</b>	<b>\$ 4,023,639</b>	<b>\$ 838,967</b>	<b>\$ 736,793</b>	<b>\$ 1,575,760</b>	<b>\$ 5,599,399</b>

See accompanying Notes to Financial Statements.

## THE SENTENCING PROJECT

### STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2023

	Program Services					Supporting Services				
	Policy Reform Advocacy	Research and Public Education	Extreme Sentencing	Voting Rights	Youth Justice	Total Program Services	Fundraising	Management and General	Total Supporting Services	Total Expenses
Salaries and Benefits	\$ 33,446	\$ 301,295	\$ 971,587	\$ 225,022	\$ 270,334	\$ 1,801,684	\$ 308,597	\$ 452,627	\$ 761,224	\$ 2,562,908
Consultants	402	120,283	512,231	307,208	125,345	1,065,469	118,148	64,238	182,386	1,247,855
Grants to Others	-	-	159,000	80,000	40,000	279,000	-	-	-	279,000
Meetings	9,017	804	114,998	191,406	1,299	317,524	2,636	6,760	9,396	326,920
Printing	78	595	2,359	399	618	4,049	4,559	564	5,123	9,172
Mail House Services	-	-	-	12	-	12	116,314	-	116,314	116,326
Travel	12,960	7,010	77,346	44,070	14,954	156,340	6,872	16,190	23,062	179,402
Accounting	-	-	-	-	-	-	-	136,753	136,753	136,753
Postage and Delivery	78	594	2,534	397	625	4,228	27,176	1,245	28,421	32,649
Occupancy	2,036	15,612	61,864	10,472	16,203	106,187	18,649	14,797	33,446	139,633
Office Supplies	-	-	551	-	-	551	-	12,194	12,194	12,745
Telephone and Fax	106	817	3,286	548	848	5,605	976	1,055	2,031	7,636
Office Equipment and Maintenance	-	-	3,936	-	1,383	5,319	-	897	897	6,216
Marketing and Advertisements	-	23,841	25,806	-	-	49,647	83,028	105	83,133	132,780
Professional Development	511	3,917	15,522	2,627	4,065	26,642	4,679	4,078	8,757	35,399
Depreciation and Amortization	1,470	11,274	44,673	7,562	11,700	76,679	13,467	10,685	24,152	100,831
Insurance	3	23	90	15	24	155	27	5,332	5,359	5,514
Bank Service Charges	-	-	-	-	-	-	-	24,158	24,158	24,158
Dues/Subscriptions/Registration Fees	-	7,948	7,201	2,570	2,293	20,012	16,762	3,185	19,947	39,959
IT Support/Website	269	47,045	8,186	1,386	2,144	59,030	26,367	3,098	29,465	88,495
Other	44	2,802	1,611	11,278	397	16,132	427	4,438	4,865	20,997
<b>Total Expenses</b>	<b>\$ 60,420</b>	<b>\$ 543,860</b>	<b>\$ 2,012,781</b>	<b>\$ 884,972</b>	<b>\$ 492,232</b>	<b>\$ 3,994,265</b>	<b>\$ 748,684</b>	<b>\$ 762,399</b>	<b>\$ 1,511,083</b>	<b>\$ 5,505,348</b>

*See accompanying Notes to Financial Statements.*



# THE SENTENCING PROJECT

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
<b>Cash Flows from Operating Activities</b>		
Change in Net Assets	\$ 3,078,313	\$ (914,711)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities		
Depreciation and Amortization	93,807	100,831
Net Gain on Investments	(261,583)	(421,755)
Operating Lease Expense	125,332	135,045
<u>(Increase) Decrease in Assets</u>		
Contributions Receivable	(2,484,560)	800,177
Prepaid Expenses	9,006	(17,462)
Security Deposit	6,972	(10,793)
<u>Increase (Decrease) in Liabilities</u>		
Accounts Payable	37,002	(17,330)
Accrued Expenses	24,100	7,924
Refundable Advance	(305,813)	(6,447)
Operating Lease Liability	(68,612)	(147,986)
Net Cash Provided by (Used in) Operating Activities	<u>253,964</u>	<u>(492,507)</u>
<b>Cash Flows from Investing Activities</b>		
Purchases of Property and Equipment	(19,279)	-
Purchases of Investments	(237,541)	-
Proceeds from Sales of Investments	<u>237,520</u>	<u>215,129</u>
Net Cash (Used in) Provided by Investing Activities	<u>(19,300)</u>	<u>215,129</u>
Net Increase (Decrease) in Cash and Cash Equivalents	234,664	(277,378)
Cash and Cash Equivalents, Beginning of the Year	<u>1,931,844</u>	<u>2,209,222</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u><u>\$ 2,166,508</u></u>	<u><u>\$ 1,931,844</u></u>
<b>Noncash Transactions from Investing and Financing Activities</b>		
Establishment of Operating Right-of-Use Asset	\$ 353,761	\$ -
Establishment of Operating Lease Liability	375,346	-

See accompanying Notes to Financial Statements.

**THE SENTENCING PROJECT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

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**1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Organization***

The Sentencing Project (the Organization) is a non-profit organization incorporated in the District of Columbia on July 1, 1986. The Organization engages in research and public education on criminal justice policy issues, advocates for policy reform toward a more fair and effective justice system, and conducts outreach to the media to influence the public debate on crime and justice. The Organization's main source of support is contributions.

The Organization's programs are:

**Policy Reform Advocacy** - The Organization advocates at the federal, state, and local level for reducing the use of incarceration to address crime, decreasing the number of people in prison in favor of more community-based solutions, reforming sentencing policies that produce mass incarceration and racial, gender or economic injustice, expanding and restoring voting rights to Americans with convictions, and protecting youth from the adult criminal legal system.

**Research and Public Education** - The Organization monitors the criminal justice system and produces research and policy analyses to educate the public about the impact of criminal justice laws, policies, and practices. Findings are shared through highly visible public education campaigns that include earned media, webinars, newsletters, action alerts, and social media. Policy priorities include extreme sentencing, voting rights, youth justice, and racial and ethnic disparities.

**Extreme Sentencing** - The Organization plays a leadership role in campaigns and coalitions at the national, state, and local level in support of policies that expand the use of post-conviction release mechanisms, eliminate life sentences, cap sentences at 20 years, and foster a culture that rejects excessive punishment in favor of restorative approaches to safety. The Organization produces cutting-edge research and promotes media and stakeholder engagement on sentencing policies, reforms, and impacts to foster a shift in the national narrative around extreme sentences.

In response to the evolving second look movement, The Sentencing Project launched the Second Look Network in March 2023. The Second Look Network is composed of over 340 members representing 149 organizations, public defender offices, and law school clinics across the US that provide direct legal representation to persons serving extreme sentences. The Second Look Network ensures that defense teams are connected, supported, and equipped to provide effective sentence review and parole representation.

**Voting Rights** - The Organization is a leader in national efforts to educate the public about the disenfranchisement of justice-involved people, the racially disparate impacts of current felony disenfranchisement laws and jail practices, and the need to implement universal suffrage for all citizens in order to end the role of the criminal legal system in mediating the central right of voting in a democracy. It works at the federal, state, and local level to advocate for full voting rights for individuals in jail, prison, and the community regardless of conviction status.

**Youth Justice** - The Organization works to safeguard youth from the ravages of the adult criminal legal system and explore alternatives to youth involvement in both the juvenile and adult justice system. In addition to advocating for an end to policies that transfer youth to the adult criminal

**THE SENTENCING PROJECT**  
**NOTES TO FINANCIAL STATEMENTS**  
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**1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Organization (Continued)***

**Youth Justice (Continued)** - legal system, the Organization advocates for the shielding of minors from avoidable involvement in the youth justice system, including ending the presence of police in schools, and promoting treatment-based approaches to youthful behavioral problems rather than punishment. In all this work a racial justice lens is paramount.

***Basis of Accounting***

The Organization has presented its financial statements in accordance with accounting principles generally accepted in the United States of America.

***Cash and Cash Equivalents***

The Organization considers all short-term investments with original maturities of three months or less to be cash and cash equivalents.

***Contributions Receivable***

Unconditional promises to give that have not been collected as of year end are recorded as contributions receivable in the accompanying statements of financial position. Contributions receivable are recorded at the amount the Organization expects to collect on balances outstanding at the end of the year. Amounts to be received over multiple years are discounted to their net present value using the applicable interest rate if such discount would be material. Present value discounts are amortized over the life of the pledge. Management closely monitors receivables, any balances that are determined to be uncollectible are written off and charged to bad debt expense. No reserve for doubtful accounts has been established because management expects to collect all contributions receivable in full.

***Investments***

Investments are reported at fair market value based on quotations available on national security exchanges.

***Right-of-Use Assets and Lease Liabilities***

The determination of whether an arrangement is a lease is made at the lease's inception. Under the Financial Accounting Standards Board's (FASB) Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed.

Lease liabilities are initially measured at the present value of minimum lease payments using a risk-free rate that approximates the remaining term of the lease. The right-of-use asset is the lease liability adjusted for other lease-related accounts. Management considers the likelihood of exercising renewal or termination clauses (if any) in measuring the Organization's right-of-use assets and lease liabilities. Operating lease expense is allocated over the remaining lease term on a straight-line basis.

**THE SENTENCING PROJECT**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

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**1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Right-of-Use Assets and Lease Liabilities (Continued)***

The Organization considers leases with initial terms of twelve months or less, and no option to purchase the underlying asset, to be short-term leases. Accordingly, short-term lease costs are expensed over the remaining lease term, with no corresponding right-of-use asset or lease liability. In addition, the Organization does not separate non-lease components from lease components (if any) when determining the payments for leases of office equipment.

***Property and Equipment***

The Organization capitalizes property and equipment purchases of \$2,000 or more. Property and equipment are stated at cost, if purchased, or at fair market value on the donation date, if contributed. Depreciation is calculated on a straight-line basis over a three-year or five-year estimated useful life. Leasehold improvements are amortized using the straight-line method over the shorter of the estimated lives of the related assets or the remaining lease term and is limited by the expected lease term unless there is a transfer of title or purchase option reasonably certain of exercise. Expenditures for maintenance and repairs are charged to expense as incurred.

***Contributions***

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Amounts received for conditional contributions are reported as refundable advances until the date that the conditions have been substantially met or explicitly waived by the donor. Unconditional restricted contributions for which the restrictions are met in the year received are considered contributions without donor restrictions for financial statement purposes.

Contributions received with donor-imposed conditions and restrictions that are met in the same reporting period are reported as contributions without donor restrictions and increase net assets without donor restrictions.

***Honoraria and Other Income***

Honoraria and other income is recognized when earned, at the point in time that performance obligations are met.

***Income Taxes***

The Organization is exempt under Section 501(c)(3) of the Internal Revenue Code (the Code) from the payment of federal income taxes other than net unrelated business income.

No provision for income tax is required for the years ended December 31, 2024 and 2023, as the Organization had no net unrelated business income. In addition, the Organization has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Code.

**THE SENTENCING PROJECT**  
**NOTES TO FINANCIAL STATEMENTS**  
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**1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Income Taxes (Continued)*

The Organization requires that a tax position be recognized or derecognized based on a “more-likely-than-not” threshold. This applies to positions taken or expected to be taken in a tax return.

The Organization does not believe its financial statements include, or reflect, any uncertain tax positions. The Organization’s IRS Form 990, *Return of Organization Exempt from Income Tax*, is subject to examination by taxing authorities generally for three years after filing.

*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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities 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.

*Functional Allocation of Expenses*

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. These expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include benefits, occupancy and other indirect costs as well as overhead. These expenses are generally allocated on the basis of staff time and effort. Expenses directly identifiable to specific programs and supporting activities are presented accordingly.

*Reclassifications*

Certain 2023 amounts have been reclassified to conform to the 2024 financial statement presentation.

**2. CONCENTRATIONS AND INVESTMENT RISK**

As of December 31, 2024 and 2023, approximately 83% and 80% of contributions receivable consisted of amounts due from two donors, respectively. For the years ended December 31, 2024 and 2023, approximately 26% and 23% of contributions revenue was from one donor, respectively.

The Organization’s demand deposits with financial institutions exceeded federally insured limits at certain times during the year. The Organization has not experienced any losses in such accounts and management believes the Organization is not exposed to any significant credit risk.

As of December 31, 2024 and 2023, the balance of the Vanguard Life Strategy Moderate Growth Fund was approximately \$1,519,000 and \$4,013,000, respectively, and represented approximately 14% and 55% of total assets, respectively. Due to the level of risk associated with such an investment, it is at least reasonably possible that changes in market conditions in the near term could materially affect investment balances and the amounts reported in the financial statements.

## THE SENTENCING PROJECT

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

#### 3. FAIR VALUE MEASUREMENTS

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels as follows:

**Level 1** - inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets (examples include equity securities);

**Level 2** - inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability other than quoted prices, either directly or indirectly, including inputs in markets that are not considered to be active (examples include corporate and municipal bonds); and

**Level 3** - inputs to the valuation methodology are unobservable and significant to the fair value measurement. The inputs into the determination of fair value require significant management judgment (examples include certain private equity securities, and split-interest agreements).

The following presents the Organization's assets measured at fair value as of December 31, 2024:

	Fair Value	Level 1	Level 2	Level 3
Vanguard Life Strategy				
Moderate Growth Fund	\$ 1,518,734	\$ 1,518,734	\$ -	\$ -
Other Mutual Funds	2,761,287	2,761,287	-	-
<b>Total Investments at Fair Value</b>	<b>\$ 4,280,021</b>	<b>\$ 4,280,021</b>	<b>\$ -</b>	<b>\$ -</b>

The following presents the Organization's assets measured at fair value as of December 31, 2023:

	Fair Value	Level 1	Level 2	Level 3
Vanguard Life Strategy				
Moderate Growth Fund	\$ 4,013,041	\$ 4,013,041	\$ -	\$ -
Other Mutual Funds	5,376	5,376	-	-
<b>Total Investments at Fair Value</b>	<b>\$ 4,018,417</b>	<b>\$ 4,018,417</b>	<b>\$ -</b>	<b>\$ -</b>

#### 4. OPERATING LEASE

The Organization had an operating lease for office space in Washington, D.C., that expired on June 30, 2024. In November 2023, the Organization signed a new lease agreement for office space at a different location in Washington, D.C., which commenced in July 2024 and will expire in October 2027. Under the terms of the lease, the base lease payments increase annually based on scheduled increases provided in the lease. The lease does not contain an option to extend the lease term or terminate early.

The lease agreement includes an abatement of rental payments for four months, and tenant allowance for improvements totaling approximately \$22,000.

Under accounting principles generally accepted in the United States of America (GAAP), operating lease expense is recognized on a straight-line basis over the remaining lease term. Operating lease expense was approximately \$125,000 and \$135,000 for the years ended December 31, 2024 and 2023, respectively, and is included in occupancy in the statements of functional expenses. The Organization had no variable or short-term lease expense in 2024 or 2023.

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**4. OPERATING LEASE (CONTINUED)**

Maturity of the operating lease liability as of December 31, 2024, is as follows:

<u>For the Years Ending December 31,</u>	<u>Amount</u>
2025	\$ 120,985
2026	136,389
2027	<u>117,231</u>
Total Undiscounted Minimum Lease Payments	374,605
Less Discount to Present Value	<u>(23,233)</u>
Total Operating Lease Liability	<u><u>\$ 351,372</u></u>

The supplementary qualitative operating lease information is as follows:

<u>Supplementary Qualitative Operating Lease Information</u>	<u>2024</u>	<u>2023</u>
Weighted-Average Remaining Lease Term (Years)	2.83	0.50
Weighted-Average Discount Rate	4.5%	1.0%

**5. NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions for purpose and timing consisted of the following as of December 31:

<u>Description</u>	<u>2024</u>	<u>2023</u>
Youth Justice	\$ 377,500	\$ 417,500
Extreme Sentencing	2,370,732	360,000
Voting Rights	589,834	737,730
Time Restrictions	<u>1,570,191</u>	<u>926,016</u>
Total Net Assets With Donor Restrictions	<u><u>\$ 4,908,257</u></u>	<u><u>\$ 2,441,246</u></u>

Net assets released from restrictions were as follows:

<u>Description</u>	<u>2024</u>	<u>2023</u>
Youth Justice	\$ 417,500	\$ 139,650
Extreme Sentencing	370,000	689,036
Voting Rights	372,897	921,117
Time Restrictions	<u>661,542</u>	<u>1,070,658</u>
Total Net Assets Released from Restrictions	<u><u>\$ 1,821,939</u></u>	<u><u>\$ 2,820,461</u></u>

**6. LIQUIDITY AND AVAILABLE RESOURCES**

The Organization's cash flows have seasonal variations due to the timing of receipts of contribution revenue and vendor payments. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

# THE SENTENCING PROJECT

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

### 6. LIQUIDITY AND AVAILABLE RESOURCES (CONTINUED)

As of December 31, 2024 and 2023, the following financial assets and liquidity sources were available for general operating expenditures for the years ending December 31, 2025 and 2024:

	2024	2023
Cash and Cash Equivalents	\$ 2,166,508	\$ 1,931,844
Investments	4,280,021	4,018,417
Contributions Receivable, Current Portion	1,800,015	904,648
Less Net Assets With Donor Purpose Restrictions	(2,138,066)	(1,515,230)
Less Net Assets With Board Designations	(500,000)	(500,000)
Financial Assets Available to Meet Cash Needs for General Expenditures within One Year	<u>\$ 5,608,478</u>	<u>\$ 4,839,679</u>

Included in the financial assets available is an operating reserve fund (the Reserve) designated by the Board of Directors to ensure the stability of the mission, programs, employment, and ongoing operations of the Organization. The Reserve is funded with surplus net assets without donor restrictions and is commingled with the Organization's general cash and investment accounts. The Board of Directors' investment objectives for the Reserve are to create financial stability by the preservation of capital that earns a reasonable rate of return. The balance of the board designated operating net assets was \$500,000 at December 31, 2024 and 2023. When originally established in 2011, this represented approximately six months of operating costs. The Board of Directors is currently reviewing the board designated amount to determine if it should be increased based on the current financial position of the Organization. These net assets can be used to fund the Organization's operations, if necessary, with Board approval.

### 7. RETIREMENT PLAN

The Organization sponsors a 403(b) plan (the Plan) for its employees. Effective March 1, 2024, the Plan was amended and restated so that employees are eligible to participate in the Plan on the first day of the calendar month coincident with or next following their hire date. The Organization matches participant's contribution, dollar for dollar, up to 3% of the employee's salary. The Plan also provides for a non-elective 3% safe harbor contribution of each participant's compensation. For the years ended December 31, 2024 and 2023, the Organization contributed approximately \$104,000 and \$79,000 to the Plan, respectively.

### 8. CONTRIBUTIONS RECEIVABLE

Contributions receivable, and the discount to present value at December 31, 2024 and 2023, are summarized as follows:

	2024	2023
Contributions Receivable Due in Less than One Year	\$ 1,800,015	\$ 904,648
Contributions Receivable Due in One to Two Years	1,795,000	100,000
Total	3,595,015	1,004,648
Discount on Present Value	(105,807)	-
Net Contributions Receivable	<u>\$ 3,489,208</u>	<u>\$ 1,004,648</u>



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**8. CONTRIBUTIONS RECEIVABLE (CONTINUED)**

Contributions receivable due in more than one year are reflected at the net present value of estimated future cash flows using a discount rate of 4.25%.

**9. CONDITIONAL CONTRIBUTION**

In 2022, the Organization was promised a conditional contribution totaling approximately \$1,003,000 in support of the Second Look Network project. The contribution was contingent upon the Organization achieving specific project milestones. Of the total amount, approximately \$895,000 was received in advance during 2022 and 2023. During 2023, the Organization met certain milestones and recognized approximately \$589,000 as contribution revenue. The remaining advance of approximately \$306,000 was recorded as a refundable advance as of December 31, 2023, pending the fulfillment of the remaining conditions. As of December 31, 2024, the Organization had met all required conditions, and the full amount of the conditional contribution has been recognized as contribution revenue.

**10. EMPLOYMENT AGREEMENT**

In January 2024, the Organization entered into an employment agreement with its Executive Director (ED). If the ED is terminated for any reason other than cause, as defined in the employment agreement, the Organization will pay severance based on the terms of the agreement.

**11. SUBSEQUENT EVENTS**

The Organization has evaluated all subsequent events through September 5, 2025, which is the date the financial statements were available to be issued.