THE SENTENCING PROJECT

FINANCIAL STATEMENTS

DECEMBER 31, 2025 AND 2024

THE SENTENCING PROJECT

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DECEMBER 31, 2025 AND 2024

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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, 2025 and 2024, 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 Organization as of December 31, 2025 and 2024, 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 Organization 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 Organization'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.

Board of Directors
The Sentencing Project

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 Organization'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 Organization'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.

Certified Public Accountants

Bethesda, Maryland
August 31, 2026

THE SENTENCING PROJECT

STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2025 AND 2024

	2025	2024
Assets		
Current Assets		
Cash and Cash Equivalents	**$ 2,587,828**	$ 2,166,508
Investments	**4,471,467**	4,280,021
Contributions Receivable	**2,068,537**	1,800,015
Prepaid Expenses and Other Assets	**46,791**	57,050
Total Current Assets	**9,174,623**	8,303,594
Contributions Receivable, Net of Current Portion	**924,107**	1,689,193
Operating Right-of-Use Asset	**202,143**	304,355
Property and Equipment		
Furniture	**8,819**	8,819
Software and Computers	**297,911**	295,613
Leasehold Improvements	**17,209**	17,209
Less Accumulated Depreciation and Amortization	**(302,385)**	(229,680)
Net Property and Equipment	**21,554**	91,961
Security Deposit	**12,568**	12,568
Total Assets	**$ 10,334,995**	$ 10,401,671
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable	**$ 75,892**	$ 129,706
Accrued Expenses	**85,923**	97,124
Operating Lease Liability	**117,363**	107,577
Total Current Liabilities	**279,178**	334,407
Operating Lease Liability, Net of Current Portion	**115,261**	243,795
Total Liabilities	**394,439**	578,202
Net Assets		
Net Assets Without Donor Restrictions		
Board Designated	**500,000**	500,000
Undesignated	**5,241,295**	4,415,212
Total Net Assets Without Donor Restrictions	**5,741,295**	4,915,212
Net Assets With Donor Restrictions	**4,199,261**	4,908,257
Total Net Assets	**9,940,556**	9,823,469
Total Liabilities and Net Assets	**$ 10,334,995**	$ 10,401,671

See accompanying Notes to Financial Statements.

THE SENTENCING PROJECT

STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025			2024		
	Net Assets Without Donor Restrictions	**Net Assets With Donor Restrictions**	**Total**	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Revenues						
Contributions	**$ 2,287,211**	**$ 2,353,664**	**$ 4,640,875**	$ 3,915,650	$ 4,288,950	$ 8,204,600
Honoraria and Other Income	**24,129**	**-**	**24,129**	37,679	-	37,679
Investment Income	**261,828**	**-**	**261,828**	435,433	-	435,433
Net Assets Released from Restrictions	**3,062,660**	**(3,062,660)**	**-**	1,821,939	(1,821,939)	-
Total Revenues	**5,635,828**	**(708,996)**	**4,926,832**	6,210,701	2,467,011	8,677,712
Expenses						
Program Services						
Policy Reform Advocacy	**27,615**	**-**	**27,615**	54,238	-	54,238
Research and Public Education	**63,656**	**-**	**63,656**	170,215	-	170,215
Extreme Sentencing	**1,758,785**	**-**	**1,758,785**	2,168,065	-	2,168,065
Voting Rights	**857,527**	**-**	**857,527**	917,972	-	917,972
Youth Justice	**857,897**	**-**	**857,897**	713,149	-	713,149
Total Program Services	**3,565,480**	**-**	**3,565,480**	4,023,639	-	4,023,639
Supporting Services						
Fundraising	**637,203**	**-**	**637,203**	838,967	-	838,967
Management and General	**607,062**	**-**	**607,062**	736,793	-	736,793
Total Supporting Services	**1,244,265**	**-**	**1,244,265**	1,575,760	-	1,575,760
Total Expenses	**4,809,745**	**-**	**4,809,745**	5,599,399	-	5,599,399
Change in Net Assets	**826,083**	**(708,996)**	**117,087**	611,302	2,467,011	3,078,313
Net Assets, Beginning of Year	**4,915,212**	**4,908,257**	**9,823,469**	4,303,910	2,441,246	6,745,156
Net Assets, End of Year	**$ 5,741,295**	**$ 4,199,261**	**$ 9,940,556**	$ 4,915,212	$ 4,908,257	$ 9,823,469

See accompanying Notes to Financial Statements.

The Sentencing Project

Statement of Functional Expenses
For the Year Ended December 31, 2025

	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	$ 25,045	$ 18,219	$ 1,029,893	$ 343,494	$ 496,816	$ 1,913,467	$ 206,122	$ 405,198	$ 611,320	$ 2,524,787
Consultants	283	31,925	304,879	172,601	249,085	758,773	168,061	23,451	191,512	950,285
Grants to Others	-	-	60,000	10,000	25,513	95,513	-	-	-	95,513
Meetings	25	235	160,360	273,615	9,057	443,292	1,015	5,426	6,441	449,733
Office Expenses	149	680	9,026	3,113	5,332	18,300	38,550	6,063	44,613	62,913
Mail House Services	-	-	-	-	-	-	137,515	-	137,515	137,515
Travel	88	101	24,001	16,903	17,763	58,856	2,633	2,899	5,532	64,388
Accounting	-	-	-	-	-	-	-	95,216	95,216	95,216
Occupancy	998	1,606	50,128	14,824	24,795	92,351	10,109	13,159	23,268	115,619
Marketing and Advertisements	-	-	37,970	4,551	-	42,521	624	-	624	43,145
Professional Development	116	187	9,524	1,726	3,459	15,012	1,177	3,201	4,378	19,390
Depreciation and Amortization	628	1,010	31,522	9,322	15,592	58,074	6,357	8,274	14,631	72,705
Insurance	15	24	746	221	369	1,375	150	5,053	5,203	6,578
Bank Service Charges	-	-	-	-	-	-	-	27,176	27,176	27,176
Dues/Subscriptions/Registration Fees	56	3,013	29,721	3,639	4,633	41,062	11,135	1,294	12,429	53,491
IT Support/Website	183	6,610	9,259	2,720	4,775	23,547	53,455	4,036	57,491	81,038
Other	29	46	1,756	798	708	3,337	300	6,616	6,916	10,253
Total Expenses	$ 27,615	$ 63,656	$ 1,758,785	$ 857,527	$ 857,897	$ 3,565,480	$ 637,203	$ 607,062	$ 1,244,265	$ 4,809,745

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
Office Expenses	411	2,778	14,627	2,596	5,056	25,468	30,126	15,395	45,521	70,989
Mail House Services	-	-	-	-	-	-	128,346	-	128,346	128,346
Travel	81	5,233	66,353	26,281	9,247	107,195	6,075	6,920	12,995	120,190
Accounting	-	-	-	-	-	-	-	98,292	98,292	98,292
Occupancy	1,949	4,410	60,722	11,278	20,087	98,446	14,960	15,221	30,181	128,627
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	6,455	6,839	10,078
Total Expenses	$ 54,238	$ 170,215	$ 2,168,065	$ 917,972	$ 713,149	$ 4,023,639	$ 838,967	$ 736,793	$ 1,575,760	$ 5,599,399

See accompanying Notes to Financial Statements.

THE SENTENCING PROJECT

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
Cash Flows from Operating Activities		
Change in Net Assets	**$ 117,087**	$ 3,078,313
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided by Operating Activities		
Depreciation and Amortization	**72,705**	93,807
Net Gain on Investments	**(26,629)**	(261,583)
Operating Lease Expense	**115,619**	125,332
(Increase) Decrease in Assets		
Contributions Receivable	**496,564**	(2,484,560)
Prepaid Expenses and Other Assets	**10,259**	9,006
Security Deposit	**-**	6,972
Increase (Decrease) in Liabilities		
Accounts Payable	**(53,814)**	37,002
Accrued Expenses	**(11,201)**	24,100
Refundable Advance	**-**	(305,813)
Operating Lease Liability	**(132,155)**	(68,612)
Net Cash Provided by Operating Activities	**588,435**	253,964
Cash Flows from Investing Activities		
Purchases of Property and Equipment	**(2,298)**	(19,279)
Purchases of Investments	**(1,710,366)**	(237,541)
Proceeds from Sales of Investments	**1,545,549**	237,520
Net Cash Used in Investing Activities	**(167,115)**	(19,300)
Net Increase in Cash and Cash Equivalents	**421,320**	234,664
Cash and Cash Equivalents, Beginning of the Year	**2,166,508**	1,931,844
Cash and Cash Equivalents, End of Year	**$ 2,587,828**	$ 2,166,508
Noncash Transactions from Investing and Financing Activities		
Establishment of Operating Right-of-Use Asset	**$ -**	$ 353,761
Establishment of Operating Lease Liability	**-**	375,346

See accompanying Notes to Financial Statements.

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 individual members, 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 legal system, the Organization advocates for the shielding of minors from avoidable involvement

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

Organization (Continued)

Youth Justice (Continued) - 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 (U.S. GAAP).

Cash and Cash Equivalents

The Organization considers all short-term investments and certificates of deposit 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 expected 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.

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, 2025 and 2024, 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.

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 U.S. GAAP 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 2024 amounts have been reclassified to conform to the 2025 financial statement presentation.

2. CONCENTRATIONS AND INVESTMENT RISK

As of December 31, 2025 and 2024, approximately 78% and 83% of contributions receivable consisted of amounts due from two donors, respectively. For the years ended December 31, 2025 and 2024, approximately 34% and 26% of contributions revenue was from one donor, respectively. These amounts represent temporarily restricted, multi-year grants that plan to be expended evenly over the timeframe of the grant and will cover future operating expenses.

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, the balance of the Vanguard Life Strategy Moderate Growth Fund was approximately $1,519,000 and represented approximately 14% of total assets. 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.

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, 2025:

	Fair Value	Level 1	Level 2	Level 3
Treasury Money Market	**$ 4,471,467**	**$ 4,471,467**	**$ -**	**$ -**
Total Investments at Fair Value	**$ 4,471,467**	**$ 4,471,467**	**$ -**	**$ -**

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

	Fair Value	Level 1	Level 2	Level 3
Treasury Money Market	$ 2,761,287	$ 2,761,287	$ -	$ -
Vanguard Life Strategy Moderate Growth Fund	1,518,734	1,518,734	-	-
Total Investments at Fair Value	$ 4,280,021	$ 4,280,021	$ -	$ -

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 operating 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 U.S. GAAP, operating lease expense is recognized on a straight-line basis over the remaining lease term. Operating lease expense was approximately $116,000 and $125,000 for the years ended December 31, 2025 and 2024, respectively, and is included in occupancy in the statements of functional expenses. The Organization had no variable or short-term lease expense in 2025 or 2024.

4. OPERATING LEASE (CONTINUED)

Maturity of the operating lease liability as of December 31, 2025, is as follows:

For the Years Ending December 31,	Amount
2026	$ 125,219
2027	117,231
Total Undiscounted Minimum Lease Payments	242,450
Less Discount to Present Value	(9,826)
Total Operating Lease Liability	$ 232,624

The supplementary qualitative operating lease information is as follows:

Supplementary Qualitative Operating Lease Information	**2025**	2024
Weighted-Average Remaining Lease Term (Years)	**1.83**	2.83
Weighted-Average Discount Rate	**4.5%**	4.5%

5. NET ASSETS WITH DONOR RESTRICTIONS

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

Description	**2025**	2024
Youth Justice	**$ 435,417**	$ 377,500
Extreme Sentencing	**1,189,670**	2,370,732
Voting Rights	**1,822,770**	589,834
Time Restrictions	**751,404**	1,570,191
Total Net Assets With Donor Restrictions	**$ 4,199,261**	$ 4,908,257

Net assets released from restrictions were as follows:

Description	**2025**	2024
Youth Justice	**$ 377,500**	$ 417,500
Extreme Sentencing	**1,240,590**	370,000
Voting Rights	**589,833**	372,897
Time Restrictions	**854,737**	661,542
Total Net Assets Released from Restrictions	**$ 3,062,660**	$ 1,821,939

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.

6. LIQUIDITY AND AVAILABLE RESOURCES (CONTINUED)

As of December 31, 2025 and 2024, the following financial assets and liquidity sources were available for general operating expenditures for the years ending December 31, 2026 and 2025:

	2025	2024
Cash and Cash Equivalents	**$ 2,587,828**	$ 2,166,508
Investments	**4,471,467**	4,280,021
Contributions Receivable, Current Portion	**2,068,537**	1,800,015
Less Net Assets With Donor Purpose Restrictions	**(2,523,750)**	(2,138,066)
Less Net Assets With Board Designations	**(500,000)**	(500,000)
Financial Assets Available to Meet Cash Needs for General Expenditures within One Year	**$ 6,104,082**	$ 5,608,478

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, 2025 and 2024. When originally established in 2011, this represented approximately six months of operating costs. 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% contribution of each participant's compensation. For the years ended December 31, 2025 and 2024, the Organization contributed approximately $103,000 and $104,000 to the Plan, respectively.

8. CONTRIBUTIONS RECEIVABLE

Contributions receivable, and the discount to present value at December 31, 2025 and 2024, are summarized as follows:

	2025	2024
Contributions Receivable Due in Less than One Year	**$ 2,068,537**	$ 1,800,015
Contributions Receivable Due in One to Three Years	**1,000,000**	1,795,000
Total	**3,068,537**	3,595,015
Discount on Present Value	**(75,893)**	(105,807)
Net Contributions Receivable	**$ 2,992,644**	$ 3,489,208

Contributions receivable due in more than one year are reflected at the net present value of estimated future cash flows using a discount rate ranging from 3.55% to 4.25%.

9. EMPLOYMENT AGREEMENT

In January 2024, the Organization entered into an employment agreement with its Executive Director (ED) through December 31, 2026. 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.

10. SUBSEQUENT EVENTS

The Organization has evaluated all subsequent events through August 31, 2026, which is the date the financial statements were available to be issued.