

JUST DETENTION INTERNATIONAL

FINANCIAL STATEMENTS

JUNE 30, 2012

JUST DETENTION INTERNATIONAL

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Just Detention International
3325 Wilshire Boulevard, Suite 340
Los Angeles, California 90010

Members of the Board:

We have audited the accompanying statement of financial position of Just Detention International (a non-profit organization) as of June 30, 2012, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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 audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Just Detention International as of June 30, 2012, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Miller Kaplan Arase LLP
MILLER KAPLAN ARASE LLP

North Hollywood, California
September 27, 2013

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JUST DETENTION INTERNATIONAL
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2012

ASSETSCurrent Assets

Cash and Cash Equivalents	\$ 362,458
Investments	257,602
Accounts Receivable	55,906
Contributions Receivable	<u>184,356</u>

<u>TOTAL CURRENT ASSETS</u>	<u>860,322</u>
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Other Assets

Property and Equipment, Net	18,468
Deposits	8,311
Prepaid Expenses	<u>14,523</u>

<u>TOTAL ASSETS</u>	<u>\$ 901,624</u>
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LIABILITIES AND NET ASSETSCurrent Liabilities

Deferred Rent	\$ 7,714
Accounts Payable and Accrued Expenses	<u>37,116</u>

<u>TOTAL LIABILITIES</u>	<u>44,830</u>
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NET ASSETS

Unrestricted	532,438
Temporarily Restricted (Note 7)	<u>324,356</u>

<u>TOTAL NET ASSETS</u>	<u>856,794</u>
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<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 901,624</u>
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JUST DETENTION INTERNATIONAL
STATEMENT OF ACTIVITIES
JULY 1, 2011 TO JUNE 30, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>REVENUE AND SUPPORT</u>			
Contributions	\$ 304,702	\$ 324,501	\$ 629,203
Government Grants	215,122	-	215,122
Other Income	24,648	-	24,648
	<hr/>	<hr/>	<hr/>
<u>TOTAL REVENUE AND SUPPORT</u>	544,472	324,501	868,973
 <u>Net Assets Released from Restrictions</u>	 669,635	 (669,635)	 -
	<hr/>	<hr/>	<hr/>
	1,214,107	(345,134)	868,973
	<hr/>	<hr/>	<hr/>
<u>EXPENSES</u>			
Program Services	1,215,450	-	1,215,450
Administration	105,519	-	105,519
Fundraising	81,167	-	81,167
	<hr/>	<hr/>	<hr/>
<u>TOTAL EXPENSES</u>	1,402,136	-	1,402,136
	<hr/>	<hr/>	<hr/>
<u>CHANGE IN NET ASSETS</u>	(188,029)	(345,134)	(533,163)
 <u>NET ASSETS</u>			
BEGINNING OF THE YEAR	720,467	669,490	1,389,957
	<hr/>	<hr/>	<hr/>
END OF THE YEAR	\$ 532,438	\$ 324,356	\$ 856,794
	<hr/>	<hr/>	<hr/>

JUST DETENTION INTERNATIONAL
STATEMENT OF FUNCTIONAL EXPENSES
JULY 1, 2011 TO JUNE 30, 2012

	<u>Program Services</u>	<u>Administration</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 625,079	\$ 43,109	\$ 50,294	\$ 718,482
Payroll Taxes	47,635	3,285	3,833	54,753
Benefits	90,108	6,214	7,250	103,572
Professional Fees	-	26,903	2,989	29,892
Consultants	215,620	-	-	215,620
Website	10,020	-	1,113	11,133
Technical Support	8,012	552	645	9,209
Insurance	4,059	280	326	4,665
Permits	-	1,173	-	1,173
Supplies	13,696	944	1,102	15,742
Telephone	15,914	1,098	1,280	18,292
Postage	7,855	542	632	9,029
Rent	68,217	4,704	5,489	78,410
Printing	15,440	-	1,715	17,155
Travel	73,745	-	3,881	77,626
Survivor Outreach	3,570	-	-	3,570
Dues and Subscriptions	804	-	-	804
Equipment Lease	3,585	248	288	4,121
Staff Board Development	7,994	7,994	-	15,988
Depreciation	4,097	282	330	4,709
Staff Recruitment	-	8,191	-	8,191
	<u>\$ 1,215,450</u>	<u>\$ 105,519</u>	<u>\$ 81,167</u>	<u>\$ 1,402,136</u>
<u>TOTAL FUNCTIONAL EXPENSES</u>				

JUST DETENTION INTERNATIONAL
STATEMENT OF CASH FLOWS
JULY 1, 2011 TO JUNE 30, 2012

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ (533,163)
Adjustments to Reconcile Change in Net Assets to Net Cash (Used) by Operating Activities:	
Depreciation	4,709
Donated Securities	(99,336)
Changes in Operating Assets and Liabilities:	
(Increase) Decrease in Assets:	
Accounts Receivable	(55,906)
Contributions Receivable	403,468
Prepaid Expenses	(4,815)
Increase (Decrease) in Liabilities:	
Deferred Rent	(3,522)
Accounts Payable and Accrued Expenses	(13,577)
<u>NET CASH (USED) BY OPERATING ACTIVITIES</u>	<u>(302,142)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Sale of Investments	356,837
Purchase of Investments	(258,756)
Purchase of Property and Equipment	(6,666)
<u>NET CASH PROVIDED BY INVESTING ACTIVITIES</u>	<u>91,415</u>

NET (DECREASE) IN CASH AND CASH EQUIVALENTS (210,727)

CASH AND CASH EQUIVALENTS - BEGINNING OF THE YEAR 573,185

CASH AND CASH EQUIVALENTS - END OF THE YEAR \$ 362,458

Supplemental Disclosure

The Organization received a donation of securities, which were sold in accordance with the Organization's policy.

JUST DETENTION INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 - DESCRIPTION OF THE ORGANIZATION

An international health and human rights organization, Just Detention International (“JDI” or the “Organization”) works to put an end to sexual violence against men, women, and youth in all forms of detention. To achieve this goal, JDI seeks to: engender policies that ensure government accountability for prisoner rape; change ill-informed and flippant public attitudes toward sexual assault behind bars; and promote access to resources for survivors of this type of violence. The Organization’s primary source of revenue is contributions from individuals and foundations and government grants.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

JDI prepares its financial statements on an accrual basis, in accordance with generally accepted accounting principles (GAAP). Under GAAP, revenue from foundations and individual donors must be recognized when committed, rather than when received. Revenue from government grants and contracts, however, must be recognized only as related expenses are incurred. What appears as a significant deficit in fiscal year 2011-2012 is the result of a combination of multi-year foundation grants having been recorded in preceding years, in accordance with GAAP, and JDI being awarded several government contracts during the fiscal year, which, again in accordance with GAAP, will be recognized only as expenses are incurred.

B. Property and Equipment

Property and equipment are recorded at cost if purchased, or fair value on the date of donation. Property and equipment over \$1,000 are capitalized. They are depreciated using the straight line method over the estimated useful lives of the assets. Estimated useful lives range from three to five years.

C. Grants and Contributions

Grants and contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Grants and contributions that are restricted by the donor are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. Temporarily restricted net assets are restricted for use in specific periods or programs of the Organization. There were no permanently restricted net assets as of June 30, 2012.

Reimbursements for project costs under government grants are recognized when costs are incurred in accordance with the applicable grant agreements. JDI submits funding requests to the cognizant agency(ies) monthly based upon its expenditures under the grants. As of June 30, 2012, accounts receivable totaling \$55,906 consist of reimbursements due under government grants for costs incurred before year end. There is no allowance for doubtful accounts.

D. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

JUST DETENTION INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Tax-Exempt Status

The Organization is a non-profit corporation organized under the laws of the State of New York and recognized as a non-profit organization by California and Washington, D.C. The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, and exempt from state franchise or income tax under Section 23701d of the California Revenue and Taxation Code. Accordingly, no provisions for income taxes or related credits are included in the accompanying financial statements.

The Organization has adopted guidance on accounting for uncertainty in income taxes issued by the Financial Accounting Standards Board. Management believes that the Organization has taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. The Organization files information returns annually. As of June 30, 2012, information returns for years subsequent to 2007 are subject to examination by authorities.

F. Contributions Receivable

Contributions receivable are estimated based on contributions promised on or before June 30, for which payment had not yet been received. No allowance is provided for uncollectible accounts.

G. Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and money market funds in banks and brokerage accounts.

H. Investment Valuation

GAAP establishes a fair value hierarchy that prioritizes valuation inputs into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 – Inputs are quoted prices in an active market.

Level 2 – Inputs are quoted prices for similar instruments and model based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data.

Level 3 – Inputs are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability.

The Organization's investment comprises a twelve-month certificate of deposit valued at its cost plus accrued interest totaling \$257,602. Management believes that cost plus accrued interest approximates fair value; therefore, the certificate of deposit is considered a Level 3 investment.

The following table reconciles the beginning and ending fair value of the Organization's Level 3 investments:

JUST DETENTION INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Investment Valuation (Continued)

Balance, June 30, 2011	\$ 256,347
Purchases	258,756
Sales	<u>(257,501)</u>
Balance, June 30, 2012	<u>\$ 257,602</u>

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment are reported at cost and are depreciated over their estimated useful lives of three to five years using the straight line method. Individual property and equipment acquisitions exceeding a cost of \$1,000 are capitalized. At June 30, 2012 property and equipment consisted of the following:

Office Equipment	\$ 49,715
Less: Accumulated Depreciation	<u>(31,247)</u>
	<u>\$ 18,468</u>

NOTE 4 - COMMITMENTS AND CONTINGENCIES

JDI leases office space in Los Angeles and Washington D.C. under lease agreements expiring through 2016. Rent paid under the leases totaled \$78,410 for the year ended June 30, 2012. JDI received three months free rent under its Washington D.C. lease, which has been recorded as deferred rent to be amortized over the life of the lease. Future minimum lease payments are as follows:

<u>Year Ending:</u>	<u>Total</u>
June 30, 2013	\$ 96,122
June 30, 2014	105,500
June 30, 2015	52,968
June 30, 2016	<u>32,738</u>
	<u>\$ 287,328</u>

NOTE 5 - RETIREMENT PLAN CONTRIBUTIONS

JDI has established a defined contribution retirement plan for the benefit of its employees. All employees are eligible to participate after six months of service. JDI contributes 7% of each participant's compensation to the plan. Contributions to the plan totaled \$39,949 for the year ended June 30, 2012.

NOTE 6 - CONCENTRATION OF CREDIT RISK

The Organization maintains cash and investment accounts at several banks and brokerage firms. Interest-bearing cash balances are insured by the Federal Deposit Insurance Corporation up to \$250,000 per bank. Coverage is unlimited for non interest-bearing accounts. At June 30, 2012, uninsured balances were as follows:

JUST DETENTION INTERNATIONAL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 6 - CONCENTRATION OF CREDIT RISK (Continued)

	<u>Bank of America</u>
Certificate of Deposit	\$ 257,602
Insured Portion	<u>(250,000)</u>
Uninsured Portion	<u>\$ 7,602</u>

NOTE 7 - NET ASSETS

Net assets as of June 30, 2012 were temporarily restricted for the following:

South Africa Program	\$ 11,194
Jamaica and Guyana Project	2,338
United Kingdom Program	25,824
LGBT Safety in Detention	50,000
New York Youth	90,000
Narrowing the Pipeline	20,000
Future Periods	<u>125,000</u>
<u>TOTAL</u>	<u>\$ 324,356</u>

NOTE 8 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 27, 2013, the date the financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosures in these financial statements.