

PRISON COMMUNITIES INTERNATIONAL, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2019

PRISON COMMUNITIES INTERNATIONAL, INC.

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Bostick & Murphy CPAs, P.C.

Certified Public Accountant

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

The Board of Directors
Prison Communities International, Inc.
Pelham, New York

We have reviewed the accompanying statement of financial statements of Prison Communities International, Inc. (a not-for-profit Organization), which comprise the statement of financial position - cash basis as of December 31, 2019, and the related statements of activities – cash basis and cash flows – cash basis for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of American: this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United State of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Bostick & Murphy, CPAs, P.C.

Mount Kisco, NY

May 29, 2020

Prison Communities International, Inc.
Statements of Financial Position - Cash Basis
December 31, 2019

ASSETS

CURRENT ASSETS	
Cash and cash equivalents	1,177,861
Short-term investments	76,119
TOTAL CURRENT ASSETS	1,253,980
 PROPERTY AND EQUIPMENT, NET	 7,037
 OTHER ASSETS	
Security Deposits	1,400
 TOTAL ASSETS	 1,262,417

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Credit cards payable	2,322
Payroll taxes payable	29
Deferred restricted grant revenue	863,000
TOTAL LIABILITIES	865,351
 NET ASSETS	
Unrestricted	397,066
Temporarily restricted	0
TOTAL NET ASSETS	397,066
 TOTAL LIABILITIES AND NET ASSETS	 1,262,417

See Notes to Financial Statements.

Prison Communities International, Inc.
Statement of Activities and Changes in Net Assets
Year Ended December 31, 2019

	Unrestricted	Temporarily Restricted	Total
REVENUE			
Donations	\$ 533,847		\$ 533,847
Grants	70,000		70,000
Interest and dividend	3,254		3,254
Other	99,951		99,951
Temporarily Restricted Revenue			
Total revenues	\$ 707,052	\$ -	\$ 707,052
Expenses			
Consulting and contracted services	\$ 40,394	\$ -	\$ 40,394
Professional fees	7,110		7,110
Program Manager	2,040		2,040
Payroll service	1,419		1,419
Conferences and meetings	8,254		8,254
Alumni Program	6,655		6,655
Training	3,160		3,160
Travel	29,332		29,332
Supplies	26,898		26,898
Data Processing	11,319		11,319
Cleaning and maintenance	7,265		7,265
Licenses and fees	562		562
Filing fee	125		125
Insurance	7,080		7,080
Interest expense	111		111
Salaries	329,641		329,641
Payroll taxes	25,353		25,353
Employee benefits	6,855		6,855
Rent	9,200		9,200
Telephone	7,053		7,053
Advertising	4,724		4,724
Donations	752		752
Contributed goods and service expense	78,290		78,290
Restricted program expense	63,077		63,077
Fundraising	30,640		30,640
Other administrative expenses	6,259		6,259
Depreciation and amortization	2,772		2,772
Total expenses	716,338		716,338
Increase in unrestricted net assets	(9,286)		(9,286)
Change in Temporarily Restricted Net Assets			
Contributions	-		
Net assets released from restrictions	104,930	(104,930)	-
Change in net assets	95,644	(104,930)	(9,286)
Net Assets			
Beginning of year	301,422	104,930	406,352
End of year	\$ 397,066	\$ -	\$ 397,066

See Notes to Financial Statements.

Prison Communities International, Inc.
Statements of Cash Flows - Cash Basis
Years Ended December 31, 2019

Cash Flows From Operating Activities

Change in net assets	\$ (9,286)
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation and amortization	2,772
(Increase) decrease in assets	
Security deposits	(1,400)
Prepaid expenses	-
Increase (decrease) in liabilities	
Accrued expenses	(2,958)
Deferred revenue	<u>863,000</u>
Net cash provided by operating activities	<u>852,129</u>

Cash Flows From Investing Activities

Purchase of fixed assets	(3,731)
Net cash used in investing activities	<u>(3,731)</u>
Net decrease in cash	848,398

Cash

Beginning of year	<u>405,580</u>
End of year	<u>\$ 1,253,978</u>

Prison Communities International, Inc.
Statements of Functional Expenses
Year Ended December 31, 2019

	Program Services	General and Administrative	Fundraising	Total
Consulting and contracted services	\$ 36,354	\$ 4,039		\$ 40,394
Professional fees	-	7,110		7,110
Program Manager	1,836	204		2,040
Payroll service	1,277	142		1,419
Conferences and meetings	7,428	825		8,254
Alumni Program	5,990	666		6,655
Training	2,844	316		3,160
Travel	26,399	2,933		29,332
Supplies	26,898	-		26,898
Data Processing	10,187	1,132		11,319
Cleaning and maintenance	6,539	727		7,265
Licenses and fees	506	56		562
Filing fee	113	13		125
Insurance	6,372	708		7,080
Interest expense	-	111		111
Salaries	296,677	32,964		329,641
Payroll taxes	22,818	2,535		25,353
Employee benefits	6,169	685		6,855
Rent	8,280	920		9,200
Telephone	6,347	705		7,053
Advertising	4,251	472		4,724
Donations	752	-		752
Contributed goods and service expense	78,290	-		78,290
Restricted program expense	63,077	-		63,077
Fundraising	-	-	\$ 30,640	30,640
Other administrative expenses	5,633	626		6,259
Depreciation and amortization	2,495	277		2,772
 Total functional expenses	 \$ 627,531	 \$ 58,167	 \$ 30,640	 \$ 716,338

PRISON COMMUNITIES INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENT

DECEMBER 31, 2019

Note 1 – Organization:

The Prison Communities International, Inc. (the Organization) is a “not-for-profit” Corporation formed pursuant to the laws of the State of New York on February 29, 2000. The Organization is dedicated to criminal justice issues with beliefs that every human being, including incarcerated people has inherent value. They recognize the need for dialogue among all stakeholders about making changes in the criminal justice system from a punitive to a rehabilitative stance. The Organization’s main program service is Rehabilitation Through The Arts (RTA). The program allows prisoners to constructively express their thoughts, feelings and emotions through the act of writing plays, poems, stories, etc.

Note 2 – Summary of significant accounting policies:

Basis of Accounting

The Organization’s policy is to prepare its financial statements on the cash basis of accounting; consequently, contributions and other revenues are recognized when received rather than when promised or earned, and certain expenses and purchases of assets are recognized when cash is disbursed rather than when the obligation is incurred.

Classification of Net Assets

The Organization adopted Statements of Financial Accounting Standards NO. 116, “Accounting for Contributions Received and Contributions Made” and No. 117, “Financial Statements of Not-For-Profit Organizations.” These statements require that contributions be recognized as revenue is received, whether as cash or other assets. The statements also require net assets to be classified as unrestricted temporarily restricted and permanently restricted. Unrestricted net assets are not subject to any donor stipulations whereas permanently or temporarily restricted net assets are resources which can only be utilized for designated purposes.

Temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Cash and Cash Equivalents

For purpose of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

PRISON COMMUNITIES INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENT

DECEMBER 31, 2019

Note 2 – Summary of significant accounting policies (continued)

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is computed on the straight-line method over the estimated useful lives of the assets (5 to 40 years). Contributions of long-lived assets or contributions restricted for acquisition of long-lived assets are reported as increases in temporarily restricted net assets until restrictions are considered met, at which time an appropriate amount is reclassified to unrestricted net assets.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the absence or existence and nature of any donor imposed restrictions.

Revenue Recognition and Deferred Revenue

The Organization recognizes revenue from program fees during the year in which the programs take place. Revenues from other sources are recognized in the year for which they pertain. Deferred revenue comprises fees received for programs pertaining to the subsequent year.

Income Tax Status

The Organization is a not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

The Organization's Forms 990, Return of Organization Exempt from Income Tax, for the years ending after they were filed.

Use of Estimates

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

PRISON COMMUNITIES INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENT

DECEMBER 31, 2019

Note 2 – Summary of significant accounting policies (continued)

Concentrations of Credit Risk

The financial instruments that potentially subject the organization to a concentration of credit risk consist primarily of cash deposits. Cash deposits that potentially subject the Organization to concentrations of credit risk consist of cash in banks in excess of the US Federal Deposit Insurance Corporation (FDIC) insured limit. The Organization has not experienced any losses in such accounts and management does not believe the Organization is exposed to any significant credit risk related cash

Note 3 – Property and Equipment:

Property and equipment consist of the following:

As of December 31,	2019
Furniture and fixtures	\$ 9,716
Equipment	3,915
Less: Accumulated Depreciation	(<u>6,593</u>)
Property and Equipment, Net	\$ <u>7,037</u>

Note 4 – Credit card and Payroll Taxes Payable:

The Organization is on the cash basis; however, payroll taxes are accrued and purchases made with the credit card prior to December 31, 2019 are recorded on the financial statements.

PRISON COMMUNITIES INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENT

DECEMBER 31, 2019

Note 5 – Contributed Services:

The Organization has elected to reflect contributed services on the financial statements.

Contributed services (revenue and expense) for the year ended December 31, 2019:

Teaching artists	\$ 46,040
Program	18,700
Fundraising	4,500
Administration	<u>9,050</u>
Total Contributed service revenue and expense	<u>\$78,290</u>

Note 6 – Executive Director’s Salary:

The Board of Directors, in October 2013, approved back pay for Katherine Vockins, Executive Director, in the amount of \$197,000. As of December 31, 2019, \$89,500 has been paid. The balance of \$107,500 is currently planned on being paid in the amount of \$25,000 in 2020 and \$27,500 for 2021, 2022 and 2023.

The executive director’s salary for the year ended December 31, 2019 totaled \$100,414, which included the \$25,000 in back pay.

Note 7 – Lease Commitments:

The Organization has a one year lease from November 1, 2019 – October 31, 2020. The monthly rent is \$1,000 November 2019 to April 30, 2020, then reduced to \$800 for May through October.

Note 8 - Subsequent Events :

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic. As a result, economic uncertainties have arisen which are likely to negatively impact net income. Other financial impact could occur though such potential impact is unknown at this time.