

PRISON COMMUNITIES INTERNATIONAL, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2021

PRISON COMMUNITIES INTERNATIONAL, INC.

CONTENTS

DECEMBER 31, 2021

	Page
Independent Auditor's Report	1
Financial statements:	
Statement of financial position	2
Statement of activities and Changes to Net Assets	3
Statement of cash flows	4
Statement of functional expenses	5
Notes to financial statements	6-11

Bostick & Murphy CPAs, P.C.

Certified Public Accountant

Independent Auditor's Report

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

Opinion

We have audited the financial statements of Prison Communities International, Inc. (a not-for-profit Organization), which comprise the statement of financial position as of December 31, 2021, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Prison Communities International, Inc. as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent Prison Communities International, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 Prison Communities International, Inc. ability to continue as a going concern for 2023.

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 GAAS 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. 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 consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 Prison Communities International, Inc. 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 Prison Communities International, Inc. 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.

Bostick & Murphy, CPAs, P.C.

Mount Kisco, NY

June 1, 2022

1

Prison Communities International, Inc.
Statements of Financial Position
December 31, 2021

ASSETS

CURRENT ASSETS

Cash and cash equivalents	278,676
Short-term investments	1,404,647
TOTAL CURRENT ASSETS	1,683,323

PROPERTY AND EQUIPMENT, NET	6,789
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OTHER ASSETS

Donations Receivable	72,282
Prepaid payroll taxes	4,959
Security Deposits	1,400
TOTAL OTHER ASSETS	78,641

TOTAL ASSETS	<u>\$1,768,753</u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	8,122
Credit cards payable	4,529
Deferred restricted grant revenue	612,830
TOTAL LIABILITIES	625,481

NET ASSETS

Unrestricted	942,771
Temporarily restricted	200,500
TOTAL NET ASSETS	1,143,272

TOTAL LIABILITIES AND NET ASSETS	<u>\$1,768,753</u>
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Prison Communities International, Inc.
Statement of Activities and Changes in Net Assets
Year Ended December 31, 2021

REVENUE	Unrestricted	Temporarily Restricted	Total
Donations	\$ 665,067	\$ -	\$ 665,067
Grants	222,182	203,500	425,682
Interest and dividend	6,447	7,197	13,644
Other	176,749	-	176,749
Temporarily Restricted Revenue			
Total revenues	\$ 1,070,445	\$ 210,697	\$ 1,281,142
 Expenses			
Consulting and contracted services	\$ 31,599	\$ -	\$ 31,599
Professional fees	8,043		8,043
Payroll service	1,800		1,800
Conferences, training and meetings	3,043		3,043
Alumni Program	5,902		5,902
Travel	9,807		9,807
Supplies	17,345		17,345
Data Processing	7,541		7,541
Filing fee	125		125
Insurance	7,474		7,474
Salaries	403,788		403,788
Payroll taxes	31,067		31,067
Employee benefits	4,105		4,105
Rent	14,250		14,250
Telephone	6,145		6,145
Advertising	6,524		6,524
Donations	636		636
Contributed goods and service expense	93,716		93,716
Restricted program expense	144,852		144,852
Fundraising	3,473		3,473
Other administrative expenses	4,758		4,758
Depreciation and amortization	3,361		3,361
 Total expenses	809,354	-	809,354
 Increase in unrestricted net assets	261,091	210,697	471,789
 Change in Temporarily Restricted Net Assets			
Contributions	23		23
Net assets released from restrictions	16,197	(16,197)	-
 Change in net assets	277,311	194,500	471,812
 Net Assets			
Beginning of year	665,460	6,000	671,460
 End of year	\$ 942,771	\$ 200,500	\$ 1,143,272

See Notes to Financial Statements.

Prison Communities International, Inc.
Statements of Cash Flows
Years Ended December 31, 2021

Cash Flows From Operating Activities

Change in net assets	\$ 471,812
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation and amortization	3,361
(Acrease) decrease in assets	(75,593)
Increase (decrease) in liabilities	
Accrued expenses	11,210
Deferred revenue	-
	<u>410,790</u>

Net cash provided by operating activities

Cash Flows From Investing Activities

Purchase of fixed assets	(1,713)
Purchase of securities	<u>(1,121,540)</u>
	<u>(1,123,253)</u>
Net cash used in investing activities	(1,123,253)
Net decrease in cash	(712,463)

Cash

Beginning of year	<u>991,139</u>
End of year	<u><u>\$ 278,676</u></u>

Prison Communities International, Inc.
Statement of Functional Expenses
Year Ended December 31, 2021

	General			
	Program Services	and Administrative	Fundraising	Total
Consulting and contracted services	\$ 28,439	\$ 3,160	\$ -	\$ 31,599
Professional fees	-	8,043		8,043
Payroll service	1,620	180		1,800
Conferences and meetings	2,739	304		3,043
Alumni Program	5,312	590		5,902
Travel	8,826	981		9,807
Supplies	17,345	-		17,345
Data Processing	6,787	754		7,541
Filing fee	113	13		125
Insurance	6,727	747		7,474
Salaries	363,409	40,379		403,788
Payroll taxes	27,960	3,107		31,067
Employee benefits	3,694	410		4,105
Rent	12,825	1,425		14,250
Telephone	5,530	614		6,145
Advertising	5,872	652		6,524
Donations	636	-		636
Contributed goods and service expense	93,716	-		93,716
Restricted program expense	144,852	-		144,852
Fundraising	-	-	3,473	3,473
Other administrative expenses	4,283	476		4,758
Depreciation and amortization	3,025	336		3,361
 Total functional expenses	 \$ 743,707	 \$ 62,174	 \$ 3,473	 \$ 809,354

PRISON COMMUNITIES INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENT

DECEMBER 31, 2021

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 theatre, music, visual arts, dance and creative writing.

Note 2 – Summary of significant accounting policies:

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting. The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restriction and net assets with donor restriction.

- a. Net Assets without Donor Restriction-Net assets that are not subject to donor-imposed stipulations.
- b. Net Assets With Donor Restriction-Net assets whose use is limited by donor-imposed time and/or purpose restrictions.

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.

PRISON COMMUNITIES INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENT

DECEMBER 31, 2021

Note 2 – Summary of significant accounting policies (continued)

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.

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.

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, 2021

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,	<u>2021</u>
Furniture and fixtures	\$ 9,716
Equipment	10,682
Less: Accumulated Depreciation	(13,609)
Property and Equipment, Net	\$ <u>6,789</u>

Note 4 – Fair Value Measurements:

Generally accepted accounting principles establish a frame work for measuring fair values.

That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

PRISON COMMUNITIES INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENT

DECEMBER 31, 2021

Note 4 – Fair Value Measurements (continued)

The three levels of the fair value hierarchy are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2: Inputs to the valuation methodology include:

Quoted prices for similar assets or liabilities in active markets;

Quoted prices for identical or similar assets or liabilities in inactive markets;

Inputs other than quoted prices that are observable for the asset or liability;

Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the assets or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The assets or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2021.

PRISON COMMUNITIES INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENT

DECEMBER 31, 2021

Note 4 – Fair Value Measurements (continued)

Equities and Government Securities: Valued at the closing price reported on the active market where individual securities are traded.

Mutual Funds: Valued at the net asset value of shares held at year-end.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

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, 2021:

Teaching artists	\$ 3,135
Program	42,600
Fundraising	5,820
Administration	<u>42,161</u>
Total Contributed service revenue and expense	<u>\$93,716</u>

PRISON COMMUNITIES INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENT

DECEMBER 31, 2021

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, 2020, \$142,000 has been paid. The balance of \$55,000 is currently planned on being paid in the amount of \$27,500 for 2022 and 2023.

The executive director’s salary for the year ended December 31, 2021 totaled \$104,062.50, which included the \$27,500 in back pay.

Note 7 – Lease Commitments:

The Organization leases offices at the State University of New York at Purchase College, 735 Anderson Hill Road, Purchase, NY for \$1,000 per month.

Note 8 - Subsequent Events:

We have evaluated subsequent events through June 1, 2022 the date the consolidated financial statements were available to be issued.

Subsequent to year-end, the United States and global markets experienced significant declines in value resulting from uncertainty caused by the world-wide coronavirus pandemic. We are closely monitoring our investment portfolio and its liquidity and are actively working to minimize the impact of these declines. Our financial statements do not include adjustments to fair value that have resulted from these declines.