

**PRISON COMMUNITIES INTERNATIONAL, INC.**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2022**

**PRISON COMMUNITIES INTERNATIONAL, INC.**

**CONTENTS**

**DECEMBER 31, 2022**

	Page
Independent Auditor's Report	1-2
Financial statements:	
Statement of financial position	3
Statement of activities and Changes to Net Assets	4
Statement of cash flows	5
Statement of functional expenses	6
Notes to financial statements	7-13



## INDEPENDENT AUDITORS' 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, 2022, and the related statements 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, 2022, 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 of 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 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. 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 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 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.



Mount Kisco, NY

June 8, 2023

**Prison Communities International, Inc.**  
**Statement of Financial Position**  
**December 31, 2022**

**ASSETS**

**CURRENT ASSETS**

Cash and cash equivalents	\$ 187,890
Short-term investments	1,234,920
Donations Receivable	181,054
Prepaid payroll taxes	3,693
Total Current Assets	<u>1,607,557</u>

Property and Equipment, Net	4,089
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<b>TOTAL ASSETS</b>	<u><u>\$ 1,611,646</u></u>
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**LIABILITIES**

Accounts payable and Accrued expenses	8,665
Deferred grant revenue with donor restrictions	2,380
<b>TOTAL TOTAL LIABILITIES</b>	<u>11,045</u>

**NET ASSETS**

Without Donor Restrictions	1,592,608
With Donor Restrictions	7,993
<b>TOTAL TOTAL NET ASSETS</b>	<u>1,600,601</u>

<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 1,611,646</u></u>
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**Prison Communities International, Inc.**  
**Statement of Activities and Changes in Net Assets**  
**For the Year Ended December 31, 2022**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Revenue</b>			
Donations	\$ 1,170,533	\$ 7,300	\$ 1,177,833
Grants	325,300		325,300
Interest and dividend	13,194	975	14,169
Other	29,488		29,488
Total Revenue	1,538,515	8,275	1,546,790
<b>Expenses</b>			
Rehabilitation Through the Arts	663,727		663,727
Program Services			
Supporting Services			
General & Administrative	216,050		216,050
Fundraising	209,683		209,683
Total Supporting Services	425,733	0	425,733
Total expenses	1,089,460	0	1,089,460
Increase (Decrease) in Net Assets (Before net assets released from restrictions)	449,055	8,275	457,330
Net assets released from restrictions	200,782	(200,782)	0
Change in net assets	\$ 649,837	\$ (192,507)	\$ 457,330
<b>Net Assets</b>			
Net Assets Beginning of year	942,771	200,500	1,143,271
Net Assets End of year	\$ 1,592,608	\$ 7,993	\$ 1,600,601

**Prison Communities International, Inc.**

**Statement of Cash Flows**

**For the Year Ended December 31, 2022**

<b>Cash Flows from Operating Activities</b>	
Change in net assets	\$ 457,330
Adjustments to reconcile change in net assets to net cash provided by operations:	
Depreciation	2,700
(AIncrease) decrease in assets	(108,772)
Donations Receivable	(3,693)
Prepaid Expense	
Security deposit	1,400
Increase (decrease) in liabilities	
Accounts payable and Accrued expenses	973
Deferred revenue	<u>(610,450)</u>
<b>Net Cash used by operating activites</b>	<u>(260,512)</u>
 <b>Cash Flows from Investing Activities</b>	
Proceeds from the sale of securities	<u>169,726</u>
 <b>Net cash provided by investing activities</b>	<u>169,726</u>
 <b>Net decrease in cash and cash equivalents</b>	(90,786)
 <b>Cash and Cash Equivalents at beginning of year</b>	<u>278,676</u>
 <b>Cash and Cash Equivalents at end of year</b>	<u>\$ 187,890</u>

**Prison Communities International, Inc.**  
**Statement of Functional Expenses**  
**For the Year Ended December 31, 2022**

	Program Services	Supporting Services		Total Supporting Services		Total Expenses	
		General and Administrative	Fundraising				
Advertising	\$ -	\$ 5,443	\$ 5,442	\$ 10,885	\$ 10,885		
Alumni Program	8,792	0	0	0	0	8,792	
Conferences, training and meetings	719	5,602	0	5,602	5,602	6,321	
Consulting and contracted services	64,232	27,108	1,924	29,032	29,032	93,264	
Contributed goods and service expense	22,449	0	0	0	0	22,449	
Data Processing	0	20,190	0	20,190	20,190	20,190	
Depreciation	2,430	270	0	270	270	2,700	
Donations	3,200	0	0	0	0	3,200	
Employee Benefits	0	5,497	0	5,497	5,497	5,497	
Filing fee	0	275	0	275	275	275	
Gala and related	0	0	42,205	42,205	42,205	42,205	
Insurance	0	7,950	0	7,950	7,950	7,950	
Office expenses	1,987	7,509	2,334	9,843	9,843	11,830	
Payroll service	0	1,760	0	1,760	1,760	1,760	
Payroll taxes	0	42,284	0	42,284	42,284	42,284	
Professional fees	0	7,153	0	7,153	7,153	7,153	
Rent	4,231	4,230	4,231	8,461	8,461	12,692	
Restricted expenses for Re-entry program	281,527	0	0	0	0	281,527	
Salaries	224,910	74,501	153,547	228,048	228,048	452,958	
Supplies	10,551	0	0	0	0	10,551	
Telephone	0	6,278	0	6,278	6,278	6,278	
Travel	38,699	0	0	0	0	38,699	
<b>Total functional expenses</b>	<b>\$ 663,727</b>	<b>\$ 216,050</b>	<b>\$ 209,683</b>	<b>\$ 425,733</b>	<b>\$ 425,733</b>	<b>\$ 1,089,460</b>	

**PRISON COMMUNITIES INTERNATIONAL, INC.**  
**NOTES TO FINANCIAL STATEMENT**  
**DECEMBER 31, 2022**

**Note 1 – Organization:**

The Prison Communities International, Inc. (the Organization) is a “non-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.

**Basis of Presentation**

The Organization required to report information regarding its financial position and activities according to two classes of net assets: with donor restrictions and without donor restrictions.

Net Assets without Donor Restrictions-Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets with Donor Restrictions-Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

**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 reported at cost less accumulated depreciation. Purchases in excess of \$1,000 are capitalized if their useful life exceeds one year. Property, furniture, and equipment are depreciated on the straight-line method. The estimated useful lives are as follows:

Computer equipment	5-7 years
Furniture and Fixtures	3-7 years

**PRISON COMMUNITIES INTERNATIONAL, INC.**  
**NOTES TO FINANCIAL STATEMENT**  
**DECEMBER 31, 2022**

**Note 2 – Summary of significant accounting policies (continued)**

**Contributions**

Gifts of cash and other assets received without donor stipulations are reported as revenue and net assets without donor restrictions. The Organization also reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions are satisfied in the reporting period in which the contribution is received. Gifts of long-lived assets (property and equipment) and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue and net assets without donor restrictions if the long-lived asset is acquired and placed in service in the reporting period in which the contribution is received, unless the donor also placed time restrictions how long the long-lived asset should be used.

Other gifts received with a donor stipulation that limits their use are reported as revenue and net assets with donor restrictions (that is, the gift is reported as increasing net assets with donor restrictions if the restriction is not satisfied in the reporting period in which the contribution is received). For these gifts, when the donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Absent explicit donor stipulations for the time long-lived assets must be held, expirations of restrictions resulting in reclassification of net assets with donor restrictions to net assets without donor restrictions are reported when the long-lived assets are placed in service.

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation.

Unconditional promises to give that are expected to be collected within one year are reported at their net realizable value. Unconditional gifts expected to be collected in future years are initially reported at fair value determined using the discounted present value of estimated future cash flows technique. The present value techniques utilize risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. The resulting discount is amortized using the level-yield method and is reported as contribution revenue.

Conditional gifts require the Organization to achieve a particular goal (such as raising matching gifts) to bind the potential donor and are recognized as assets and revenue when the conditions are substantially met and the gift becomes unconditional.

**PRISON COMMUNITIES INTERNATIONAL, INC.**  
**NOTES TO FINANCIAL STATEMENT**  
**DECEMBER 31, 2022**

**Note 2 – Summary of significant accounting policies (continued)**

**Promises To Give**

The Organization determines the allowance for uncollectable promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable. At December 31, 2022, the allowance was \$0.

**Donated Materials, Facilities, and Services**

Significant services, materials, and facilities are donated to the Organization by various individuals and organizations.

Donated materials and services were \$22,449 for the year ended December 31, 2022, recorded at fair value at the date of donation, and are included in revenue and expenses.

Contributions of services are recognized as revenue at their estimated fair value only if the services received create or enhance nonfinancial assets or require specialized skills possessed by the individuals providing the service and the service would typically need to be purchased if not donated. Contribution revenue recognized from contributed services consisted of the following for the year ended December 31, 2022:

Teaching artists	\$ 2,920
Fundraising	8,738
Administration	<u>10,791</u>
Total Contributed service revenue and expenses	<u>\$22,449</u>

**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.

**PRISON COMMUNITIES INTERNATIONAL, INC.**  
**NOTES TO FINANCIAL STATEMENT**  
**DECEMBER 31, 2022**

**Note 2 – Summary of significant accounting policies (continued)**

**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 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, expenses gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

**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:

<u>As of December 31,</u>	<u>2022</u>
Furniture and fixtures	\$ 9,716
Equipment	10,682
Less: Accumulated Depreciation	<u>(16,309)</u>
Property and Equipment, Net	<u>\$ 4,089</u>

Expenditures for maintenance and repairs are charges to operations as incurred. Significant renovations which improve the useful life of the related assets are capitalized. For the year ended December 31, 2022 depreciation expense was \$2,700.

**PRISON COMMUNITIES INTERNATIONAL, INC.**  
**NOTES TO FINANCIAL STATEMENT**  
**DECEMBER 31, 2022**

**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).

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, 2022.

**PRISON COMMUNITIES INTERNATIONAL, INC.**  
**NOTES TO FINANCIAL STATEMENT**  
**DECEMBER 31, 2022**

**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.

At December 31, 2022 the Organization held \$1,234,920 of investments at fair value as follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Cumulative Unrealized Appreciation (Depreciation)</u>
Certificates of Deposit with maturities less than three months	50,000	49,946	(54)
Certificates of Deposit with maturities over three months	530,000	524,818	(5,182)
Mutual Funds	675,362	586,677	(88,685)
Money Market Funds	73,479	73,479	-
<b>Total</b>	<b>\$ 1,328,841</b>	<b>\$ 1,234,920</b>	<b>\$ (93,921)</b>

**PRISON COMMUNITIES INTERNATIONAL, INC.**  
**NOTES TO FINANCIAL STATEMENT**  
**DECEMBER 31, 2022**

**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, 2021, \$169,500 had been paid. The balance of \$27,500 is planned to be paid in the amount of \$27,500 for 2023.

The executive director’s salary for the year ended December 31, 2022 totaled \$125,453, 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. The Organization calculates finance lease liabilities using the rate implicit in the agreement, or the Organization's incremental borrowing rate if the implicit rate cannot be readily determined. All lease and non-lease components are combined for all leases. Lease payments for leases with a term of 12 months or less are expensed on a straight-line basis over the term of the lease with no lease asset or liability recognized. The amount agreed to for 2023 is \$1,200 per month.

**Note 8 - Subsequent Events:**

The Organization has evaluated subsequent events and transactions for potential recognition and or disclosure through June 8, 2023, the date the financial statements were available to be issued.