

PRISON COMMUNITIES INTERNATIONAL, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2023

PRISON COMMUNITIES INTERNATIONAL, INC.

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BENDER & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS & FINANCIAL PLANNERS

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the financial statements of Prison Communities International, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year 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 Prison Communities International, Inc. as of December 31, 2023, 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. 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 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.'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. 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.



Bender & Associates, CPAs
Certified Public Accountants

Mount Kisco, NY

June 6, 2024

Prison Communities International, Inc.
Statement of Financial Position
December 31, 2023

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 347,301
Short-term investments	1,097,597
Donations Receivable	93,297
Prepaid payroll taxes	1,451
Total Current Assets	<u>1,539,646</u>

Property and Equipment, Net	12,386
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TOTAL ASSETS	<u><u>\$ 1,552,032</u></u>
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LIABILITIES

Accounts payable and Accrued expenses	38,149
Deferred grant revenue	60,818
TOTAL TOTAL LIABILITIES	<u>98,967</u>

NET ASSETS

Without Donor Restrictions	1,451,065
With Donor Restrictions	2,000
TOTAL TOTAL NET ASSETS	<u>1,453,065</u>

TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,552,032</u></u>
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Prison Communities International, Inc.
Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue			
Donations	\$ 653,752	\$ 43,900	\$ 697,652
Donation of non financial assets	80,686		80,686
Grants	120,965		120,965
Interest and dividend	46,517		46,517
Other	(45,778)		(45,778)
Total Revenue	856,142	43,900	900,042
Expenses			
Rehabilitation Through the Arts Program Services	712,228	43,900	756,128
Supporting Services			
General & Administrative	177,554		177,554
Fundraising	206,106		206,106
Total Supporting Services	383,660	-	383,660
Total expenses	1,095,888	43,900	1,139,788
(Decrease) in Net Assets (Before net assets released from restrictions)	(239,746)	-	(239,746)
Change in Temporarily Restricted Net Assets			
Change in Unrealized Gain/Loss	92,210		92,210
Net assets released from restrictions	5,993	(5,993)	-
Change in net assets	\$ (141,543)	\$ (5,993)	\$ (147,536)
Net Assets			
Net Assets Beginning of year	1,592,608	7,993	1,600,601
Net Assets End of year	\$ 1,451,065	\$ 2,000	\$ 1,453,065

Prison Communities International, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2023

	Program Services	Supporting Services		Total Supporting Services	Total Expenses
		General and Administrative	Fundraising		
Program Expenses	\$ 283,218	\$ -	\$ -	\$ -	\$ 283,218
Gala Expenses	-	-	45,556	45,556	45,556
Office and Overhead Expenses	61,325	104,676	21,206	125,882	187,207
Marketing and Adverstising	33,032	-	4,729	4,729	37,761
Payroll and Employee related expenses	378,554	72,878	134,615	207,492	586,046
Total functional expenses	\$ 756,128	\$ 177,554	\$ 206,106	\$ 383,660	\$ 1,139,788

Prison Communities International, Inc.
Statement of Cash Flows
For the Year Ended December 31, 2023

Cash Flows from Operating Activities	
Change in net assets	\$ (239,746)
Adjustments to reconcile change in net assets to net cash provided by operations:	
Depreciation	5,887
(Increase) decrease in assets	
Donations Receivable	87,757
Prepaid Expense	2,242
Security deposit	0
Increase (decrease) in liabilities	
Accounts payable and Accrued expenses	29,483
Deferred revenue	58,438
Net Cash (used in) operating activities	(55,939)
Cash Flows from Investing Activities	
Purchase of fixed assets	(14,184)
Proceeds from Investments	229,534
Net cash provided by investing activities	215,350
Net increase in cash and cash equivalents	159,411
Cash and Cash Equivalents at beginning of year	187,890
Cash and Cash Equivalents at end of year	\$ 347,301

PRISON COMMUNITIES INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENT

DECEMBER 31, 2023

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. 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 available for use in general operations and not subject to donor (or certain grantor) restrictions
- b) Net Assets with Donor Restriction- 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.

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 when the restriction, whether time or use based is met.

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, 2023

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, 2023

Note 2 – Summary of significant accounting policies (continued)

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 subsequent years.

In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2014-09, Revenue from Contracts with Customers (“Topic 606”) and has since issued various amendments which provide additional clarification and implementation guidance on Topic 606. This guidance establishes principles for recognizing revenue upon the transfer of promised goods or services to clients, in an amount that reflects the expected consideration received in exchange for those goods or services. The Organization adopted Topic 606 on January 1, 2022 using the modified retrospective transition method. The adoption of this standard update resulted in no impact to net assets. The Organization adopted Topic 606 only for contracts with remaining performance obligations as of January 1, 2022, under the modified retrospective transition method.

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.

PRISON COMMUNITIES INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENT

DECEMBER 31, 2023

Note 3 – Property and Equipment:

Property and equipment are stated at cost less accumulated depreciation. Depreciation is computed on the modified accelerated cost recovery system (MACRS) method over the estimated useful lives of the assets (5 to 40 years). Although the MACRS method is not in accordance with GAAP, it will not result in a material difference from the GAAP method. Contributions of long-lived assets or contributions restricted for acquisition of long-lived assets are reported as increases in net assets with restrictions until the restrictions are considered met, at which time an appropriate amount is reclassified to net assets without restrictions.

Property and equipment consist of the following:

As of December 31,	<u>2023</u>
Furniture and fixtures	\$ 9,716
Equipment	24,866
Less: Accumulated Depreciation	<u>(22,196)</u>
Property and Equipment, Net	<u>\$ 12,386</u>

Expenditures for maintenance and repairs are charged to operations as incurred. Significant renovations which improve the useful life of the related assets are capitalized. For the year ended December 31, 2023 depreciation expense was \$5,887.

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, 2023

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, 2023.

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.

PRISON COMMUNITIES INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENT

DECEMBER 31, 2023

Note 4 – Fair Value Measurements (continued)

The following table provides the fair value hierarchy of the Organization's financial assets as of December 31, 2023:

<u>Financial Assets</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash Equivalents	\$ 210,000	-	-	\$210,000
Certificates of Deposit	250,000	-	-	250,000
Equities	<u>637,597</u>	<u>-</u>	<u>-</u>	<u>637,597</u>
Total Investments	\$ 1,097,597	-	-	\$ 1,097,597

Note 5 – Donated Materials and Services:

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

Donated materials were \$2,678 for the year ended December 31, 2023, 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, 2023:

Teaching artists	\$ 10,125
Fundraising Gala	2,700
Alumni expenses	600
Administration	990
Legal HR matter	<u>63,594</u>
Total Contributed service revenue and expense	\$ <u>78,009</u>

In addition, significant hours of additional donated services were received for the year ended December 31, 2023, but were not recognized in the financial statements because they did not meet the criteria for recognition.

PRISON COMMUNITIES INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENT

DECEMBER 31, 2023

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, 2022, \$169,500 had been paid. The balance of \$27,500 was paid in 2023.

The executive director’s salary for the year ended December 31, 2023 totaled \$161,719, which included the \$27,500 in back pay to the previous Executive Director.

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 agreed to amount for 2024 is \$1,200 per month.

As of January 1, 2023, the Organization changed its accounting method for leases as a result of implementing the requirements in the Financial Accounting Standard Board's Accounting Standards Codification (ASC) 842, *Leases*, using the modified retrospective transition method. There was no cumulative effect adjustment to the Organization 's statement of financial position as of December 31, 2023. The new lease guidance requires the recognition of a right-of-use asset and a lease liability for operating leases, but the Organization has no leases subject to that requirement because it elected not to apply the new guidance to leases of 12 months or less. The Organization elected the package of practical expedients, which allowed, among other things, for not reassessing the lease classification or initial direct costs for existing leases. The Organization has not elected the hindsight practical expedient. Adoption of the new guidance did not have a significant impact on the statements of financial position, activities or cash flows.

Note 8 – Net Assets with Donor Restrictions:

Net assets with donor restrictions are available for the following purposes or periods:

RTA ambassador’s out of pocket travel expenses	\$2,000
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Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows:

Satisfaction of Purpose restriction:	
Equipment	\$5,613
Art Show	<u>2,380</u>
Total	\$7,993

PRISON COMMUNITIES INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENT

DECEMBER 31, 2023

Note 9 – Allocation of Expenses:

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include salaries, payroll taxes, employee benefits, advertising, depreciation, rent, telephone, and miscellaneous, which are allocated on the basis of estimates of time, effort and usage.

Note 10 – Liquidity:

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year comprise the following:

Total financial assets	\$ 1,444,898
Assets subject to donor-imposed restrictions	<u>(2,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	\$ 1,442,898

The Organization receives few contributions restricted by donors and considers contributions restricted for programs which are ongoing, major and central to its annual operations to be available to meet cash needs for general expenditures.

The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. As part of its liquidity management plan, the Organization invests cash in excess of daily requirements in short-term investments, certificates of deposit, and money market funds.

PRISON COMMUNITIES INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENT

DECEMBER 31, 2023

Note 11 - Subsequent Events:

We have evaluated subsequent events and transactions for potential recognition and/or disclosure through June 6, 2024 the date the financial statements were available to be issued.

In 2024 the feature film “Sing Sing” starring Coleman Domingo will be released. It is a full length feature dramatic film about the RTA program. Although A24 is the distributor of the film, the Organization increased their marketing budget for 2024 to capitalize on the publicity and attention RTA will be receiving in 2024.

The COVID-19 outbreak in the United States has caused organizational disruption through mandated and voluntary closings. The Organization has taken a number of measures to monitor and mitigate the effects of COVID-19, such as safety and health measures for its staff which include social distancing and working from home. While the disruption is currently expected to be temporary, there is considerable uncertainty. The extent of the impact of COVID-19 on the Organization’s operational and financial performance will depend on certain developments, including the potential recurring spread of the outbreak, impact on the Organization’s patrons, employees, and vendors all of which are uncertain. At this point, the extent to which COVID-19 has impacted the financial condition of the Organization or results of operations has not been significant and, based on its experience to date, it expects this to remain the case. The Company will continue to follow the various government policies and advice and, in parallel, will do its utmost to continue operations in the best and safest way possible without jeopardizing the health of its staff.