

PRISON COMMUNITIES INTERNATIONAL, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2020

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.
Purchase, 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, 2020, 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

June 2, 2021

Prison Communities International, Inc.
Statements of Financial Position - Cash
Basis
December 31, 2020

ASSETS

CURRENT ASSETS

Cash and cash equivalents	991,139
Short-term investments	284,755
TOTAL CURRENT ASSETS	1,275,894

PROPERTY AND EQUIPMENT, NET	8,437
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OTHER ASSETS

Security Deposits	1,400
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TOTAL ASSETS	\$1,285,731
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Credit cards payable	1,441
Deferred restricted grant revenue	612,830
TOTAL LIABILITIES	614,271

NET ASSETS

Unrestricted	665,460
Temporarily restricted	6,000
TOTAL NET ASSETS	671,460

TOTAL LIABILITIES AND NET ASSETS	\$1,285,731
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See Notes to Financial Statements.

Prison Communities International, Inc.
Statement of Activities and Changes in Net Assets
Year Ended December 31, 2020

REVENUE	Unrestricted	Temporarily Restricted	Total
Donations	\$ 376,975	\$ -	\$ 376,975
Grants	293,108	187,170	480,278
Interest and dividend	2,264	8,153	10,417
Other	88,797	-	88,797
Temporarily Restricted Revenue			
Total revenues	\$ 761,144	\$ 195,323	\$ 956,467
Expenses			
Consulting and contracted services	\$ 27,777	\$ -	\$ 27,777
Professional fees	6,238		6,238
Payroll service	1,886		1,886
Conferences and meetings	2,656		2,656
Alumni Progrm	6,958		6,958
Travel	7,978		7,978
Supplies	16,713		16,713
Data Processing	9,787		9,787
Filing fee	125		125
Insurance	5,342		5,342
Salaries	362,627		362,627
Payroll taxes	28,437		28,437
Employee benefits	4,181		4,181
Rent	10,950		10,950
Telephone	6,666		6,666
Advertising	8,338		8,338
Donations	731		731
Contributed goods and service expense	40,375		40,375
Restricted program expense	121,638		121,638
Fundraising	5,071		5,071
Other administrative expenses	3,942		3,942
Depreciation and amortization	3,657		3,657
Total expenses	682,073	-	682,073
Increase in unrestricted net assets	79,071	195,323	274,394
Change in Temporarily Restricted Net Assets			
Contributions			
Net assets released from restrictions	189,323	(189,323)	-
Change in net assets	268,394	6,000	274,394
Net Assets			
Beginning of year	397,066	-	397,066
End of year	\$ 665,460	\$ 6,000	\$ 671,460

See Notes to Financial Statements.

Prison Communities International, Inc.
Statements of Cash Flows - Cash Basis
Years Ended December 31, 2020

Cash Flows From Operating Activities	
Change in net assets	\$ 274,394
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation and amortization	3,657
(Increase) decrease in assets	
Increase (decrease) in liabilities	
Accrued expenses	(880)
Deferred revenue	<u>(250,170)</u>
Net cash provided by operating activities	<u>27,001</u>
Cash Flows From Investing Activities	
Purchase of fixed assets	(5,055)
Purchase of securities	<u>(284,785)</u>
Net cash used in investing activities	<u>(289,840)</u>
Net decrease in cash	(262,839)
Cash	
Beginning of year	<u>1,253,978</u>
End of year	<u>\$ 991,139</u>

See Notes to Financial Statements.

Prison Communities International, Inc.
Statements of Functional Expenses
Year Ended December 31, 2020

	Program Services	General and Administrative	Fundraising	Total
Consulting and contracted services	\$ 24,999	\$ 2,778	\$ -	\$ 27,777
Professional fees	-	6,238		6,238
Payroll service	1,697	189		1,886
Conferences and meetings	2,390	266		2,656
Alumni Progm	6,262	696		6,958
Travel	7,180	798		7,978
Supplies	16,713	-		16,713
Data Processing	8,808	979		9,787
Filing fee	113	12		125
Insurance	4,808	534		5,342
Salaries	326,364	36,263		362,627
Payroll taxes	25,593	2,844		28,437
Employee benefits	3,763	418		4,181
Rent	9,855	1,095		10,950
Telephone	5,999	667		6,666
Advertising	7,504	834		8,338
Donations	731	-		731
Contributed goods and service expense	40,375	-		40,375
Restricted program expense	121,638	-		121,638
Fundraising	-	-	5,071	5,071
Other administrative expenses	3,548	394		3,942
Depreciation and amortization	3,291	366		3,657
Total functional expenses	\$ 621,631	\$ 55,371	\$ 5,071	\$ 682,073

See Notes to Financial Statements.

PRISON COMMUNITIES INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENT

DECEMBER 31, 2020

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 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, 2020

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, 2020

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,	2020
Furniture and fixtures	\$ 9,716
Equipment	8,969
Less: Accumulated Depreciation	(10,248)
Property and Equipment, Net	\$ <u>8,437</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, 2020 are recorded on the financial statements.

PRISON COMMUNITIES INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENT

DECEMBER 31, 2020

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, 2020:

Teaching artists	\$ 2,325
Program	10,800
Fundraising	20,750
Administration	<u>6,500</u>
Total Contributed service revenue and expense	<u>\$40,375</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, 2020, \$114,500 has been paid. The balance of \$82,500 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, 2020 totaled \$100,414, which included the \$25,000 in back pay.

Note 7 – Lease Commitments:

The Organization does not have a new lease. Prior lease ended October 31, 2020. The monthly rent is \$1,000 November 2019 to April 30, 2020, then reduced to \$800 for May through October. Rent resumed at \$1,000 per month from November 2020 to current, as of the date of this financial statement.

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.