

THE SAINTS PRISON MINISTRY, INC.
Financial Statements and Supplementary Schedules
For the years ended September 30, 2016 and 2015
(With Independent Auditor's Report Thereon)

THE SAINTS PRISON MINISTRY, INC.
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For the years ended September 30, 2016 and 2015

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HOLMAN | FRENIA
ALLISON, P.C.

Certified Public Accountants & Consultants

680 Hooper Avenue, Bldg B, Suite 201, Toms River, NJ 08753 • Tel: 732.797.1333

618 Stokes Road, Medford, NJ 08055 • Tel: 609.953.0612

912 Highway 33, Suite 2, Freehold, NJ 07728 • Tel: 732.409.0800

6 E. Park Street, P.O. Box 614, Bordentown, NJ 08505 • Tel: 609.298.8639

795 Canton Street, Troy, PA 16947 • Tel: 570.297.5090

926 Main Street, Suite 103, Rome, PA 18837 • Tel: 570.297.5090

www.hfacpas.com

To the Board of Trustees of
The Saints Prison Ministry, Inc.

Management is responsible for the accompanying financial statements of The Saints Prison Ministry, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2016 and the related statements of activities and cash flows for the year then ended and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

The financial statements for the year ended September 30, 2015, were audited by us, and we expressed an unmodified opinion on them in our report dated January 27, 2016. We have not performed any auditing procedures since that date.

The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information is the representation of management. For the year ended September 30, 2016, the information was subject to our compilation engagement, however, we have not audited or reviewed the supplementary information and, accordingly, do not express an opinion, a conclusion, nor provide any form of assurance on such supplementary information. For the year ended September 30, 2015, the information was subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole for the year ended September 30, 2015.

HOLMAN FRENIA ALLISON, P.C.

Certified Public Accountants

January 11, 2017
Toms River, New Jersey

THE SAINTS PRISON MINISTRY, INC.
Statements of Financial Position
September 30, 2016 (Unaudited) and 2015 (Audited)

	2016	2015
ASSETS		
Current assets:		
Cash	\$ 18,385	\$ 20,768
Prepaid expenses	-	2,393
Total current assets	18,385	23,161
Vehicles, office and sports equipment	93,025	90,725
Less: accumulated depreciation	(86,555)	(79,423)
Vehicles, office and sports equipment, net	6,470	11,302
Total assets	\$ 24,855	\$ 34,463
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 36,808	\$ 39,444
Notes payable, current portion	3,790	10,980
Total current liabilities	40,598	50,424
Non-current liabilities:		
Notes payable, net of current portion	-	5,375
Total non-current liabilities	-	5,375
Total liabilities	40,598	55,799
Net assets:		
Unrestricted	(15,743)	(21,336)
Total net assets	(15,743)	(21,336)
Total liabilities and net assets	\$ 24,855	\$ 34,463

See accompanying notes and independent accountant's compilation report

THE SAINTS PRISON MINISTRY, INC.
Statements of Activities
September 30, 2016 (Unaudited) and 2015 (Audited)

	<u>2016</u>	<u>2015</u>
Revenues and support:		
Support:		
Individuals	\$ 231,718	\$ 235,094
Crusades	167,637	152,594
Church giving	46,642	51,410
Jericho Ministry	4,425	4,825
United Way	4,093	5,032
Miscellaneous	1,067	-
Auto donation program	264	697
Investment income	3	1
Special events	-	35,625
Bequest	-	6,416
	<u>455,849</u>	<u>491,694</u>
Total revenues and support		
Expenses:		
Program services	345,788	379,610
Management and general	90,701	98,560
Fundraising	13,767	18,953
	<u>450,256</u>	<u>497,123</u>
Total operating expenses		
Change in unrestricted net assets	<u>5,593</u>	<u>(5,429)</u>
Unrestricted net assets, beginning of year	<u>(21,336)</u>	<u>(15,907)</u>
Unrestricted net assets, end of year	<u>\$ (15,743)</u>	<u>\$ (21,336)</u>

See accompanying notes and independent accountant's compilation report

THE SAINTS PRISON MINISTRY, INC.
Statements of Cash Flows
September 30, 2016 (Unaudited) and 2015 (Audited)

	2016	2015
Cash flows from operating activities:		
Cash received from fees, grants and contracts	\$ 455,849	\$ 491,694
Cash paid to suppliers and employees	(443,367)	(478,301)
Net cash provided by operating activities	12,482	13,393
Cash flows from investing activities:		
Purchase of vehicles, office and sports equipment	(2,300)	-
Net cash used in investing activities	(2,300)	-
Cash flows from financing activities:		
Payment of note payable	(12,565)	(9,735)
Net cash used in financing activities	(12,565)	(9,735)
Net (decrease) increase in cash	(2,383)	3,658
Cash, beginning of year	20,768	17,110
Cash, end of year	\$ 18,385	\$ 20,768
 Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Change in net assets	\$ 5,593	\$ (5,429)
Items which did not use cash:		
Depreciation	7,132	6,939
Working capital changes which provided (used) cash:		
Accounts payable	(2,636)	14,276
Prepaid expenses	2,393	(2,393)
Net cash provided by operating activities	\$ 12,482	\$ 13,393

See accompanying notes and independent accountant's compilation report

THE SAINTS PRISON MINISTRY, INC.
Notes to Financial Statements
For the years ended September 30, 2016 (Unaudited) and 2015 (Audited)

NOTE 1: NATURE OF ORGANIZATION

The Saints Prison Ministry, Inc. (the Organization) is a New Jersey nonprofit organization established in 1987 for the purpose of presenting the Gospel of Jesus Christ to prisoners through athletics and providing them with opportunities for spiritual growth. In support of this mission, the Organization send various sports teams into prisons throughout the U.S. and Canada, competing athletically and sharing a faith-based message right on the playing field.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Accounting Method

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions.

B. Basis of Presentation

The financial statements of The Saints Prison Ministry, Inc. have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor imposed restrictions.

The Saints Prison Ministry, Inc. is required to report information regarding its financial position and activities that resources be classified for accounting and reporting purposes into three net asset categories according to externally (donor) imposed restrictions. Net assets of the Organization and changes therein are classified and reported as follows:

- Unrestricted net assets – net assets that are not subject to donor imposed restrictions. These assets may, however, be subjected to Board designation.
- Temporarily restricted net assets – net assets subject to donor imposed restrictions that will be met by the passage of time. As of September 30, 2016 and 2015, there were no temporarily restricted net assets.
- Permanently restricted net assets – net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes. As of September 30, 2016 and 2015, there were no permanently restricted net assets.

C. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make certain 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 and expenses during the reporting period. Actual results could differ from those estimates.

THE SAINTS PRISON MINISTRY, INC.
Notes to Financial Statements (continued)
For the years ended September 30, 2016 (Unaudited) and 2015 (Audited)

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Cash and Cash Equivalents

For the purpose of the statement of cash flows, cash includes unrestricted time deposits, certificates of deposit and highly liquid debt instruments with original maturities of three months or less.

E. Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and or nature of any donor restrictions. All operating funds are available for the support of the Organization's operations and are therefore classified as unrestricted. The Organization recognizes contributions as restricted if donor imposed.

F. Support and Expenses

Contributions received and unconditional promises to give are measured at their fair market values and are reported as an increase in net assets. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

Expenses are recorded when incurred in accordance with the accrual basis of accounting.

G. Contributed Services

Contributed services are recognized as contributions if the services received (a) create or enhance non-financial assets or (b) require specialized skills, are provided by people with those skills, and would otherwise be purchased by the Organization. The Organization receives a significant amount of contributed time from volunteers that is not recognized as contributions in the financial statements because the recognition criteria were not met. For the year ended September 30, 2016, the Organization benefitted from approximately 28,881 hours of donated work. For the year ended September 30, 2015, the Organization benefitted from approximately 32,090 hours of donated work. The Organization gratefully acknowledges the time and effort of these compassionate individuals, without whom it would not be possible for the Organization to meet its mission.

H. Vehicle, Office and Sports Equipment

Vehicles, office and sports equipment which are purchased by the Organization are carried at cost less accumulated depreciation. For financial reporting purposes, the vehicles and equipment are capitalized and depreciated. Depreciation is provided using the straight-line method over their estimated useful lives of three to ten years.

Furniture, fixtures and office equipment	3 – 7 years
Vehicles	3 – 10 years

Repairs and maintenance which do not extend the useful lives of the related assets are expensed as incurred.

THE SAINTS PRISON MINISTRY, INC.
Notes to Financial Statements (continued)
For the years ended September 30, 2016 (Unaudited) and 2015 (Audited)

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Income Taxes

The Organization is a non-profit entity as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes. Accordingly, there is no provision for income taxes.

The Organization is required to file Form 990, Return of Organization Exempt from Income Tax, with the Internal Revenue Service and the New Jersey Charities Registration & Investigation Form (CRI). The Organization follows the income tax standards for uncertain tax positions. This standard had no impact on the Organization's financial statements. The Organization's income tax returns are subject to review and examination by federal and state authorities. The Organization is not aware of any activities that would jeopardize its tax-exempt status or any activities that are subject to tax on unrelated business income taxes.

J. Subsequent Events

The Saints Prison Ministry, Inc. has evaluated subsequent events occurring after September 30, 2016 through the date of January 11, 2017, which is the date the financial statements were available to be issued.

NOTE 3: CASH

The deposits held by the Organization at September 30, 2016 and 2015, and reported at fair value, are as follows:

	<u>2016</u>	<u>2015</u>
Deposits:		
Demand Deposits	<u>\$18,385</u>	<u>\$20,768</u>
Total deposits	<u>\$18,385</u>	<u>\$20,768</u>
Reconciliation of Statements of Financial Position		
Current assets:		
Cash	<u>\$18,385</u>	<u>\$20,768</u>
Total reconciliation	<u>\$18,385</u>	<u>\$20,768</u>

Custodial Credit Risk - Deposits in financial institutions, reported as components of cash had a bank balance of \$15,540 and \$17,007 at September 30, 2016 and 2015, respectively. The entire bank balances were fully insured by depository insurance.

Concentration of Credit Risk - Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash investments. At September 30, 2016 and 2015, all of Organization's investments were held by Wells Fargo Bank.

NOTE 4: LEASE COMMITMENTS

As of May 1, 2013, the Organization moved its operations to office space donated to them by a local church. The Organization is only responsible for the utilities on this space.

See independent accountant's compilation report

THE SAINTS PRISON MINISTRY, INC.
Notes to Financial Statements (continued)
For the years ended September 30, 2016 (Unaudited) and 2015 (Audited)

NOTE 5: VEHICLES, OFFICE AND SPORTS EQUIPMENT

Vehicles, office and sports equipment consisted of the following:

	<u>2016</u>	<u>2015</u>
Vehicles	\$ 64,093	\$ 61,793
Furniture and fixtures	14,507	14,507
Sports equipment	750	750
Computer equipment	<u>13,675</u>	<u>13,675</u>
Subtotal	93,025	90,725
Less: accumulated depreciation	<u>(86,555)</u>	<u>(79,423)</u>
Total	<u>\$ 6,470</u>	<u>\$ 11,302</u>

Depreciation expense for the years ended September 30, 2016 and 2015 was \$7,132 and \$6,939 respectively.

NOTE 6: NOTES PAYABLE

Notes payable at September 30, 2016 and 2015 consisted of the following:

	<u>2016</u>	<u>2015</u>
On January 22, 2013, the Organization entered into a term loan with a local bank in the amount of \$24,000. The loan has an interest rate of 5.5% and is payable in monthly installments of principal of \$500 plus interest, expiring on December 15, 2016. The Organization pre paid this debt during the September 30, 2016 fiscal year.	\$ -	\$ 8,000
On January 10, 2013, the Organization entered into a loan agreement with a private lender in the amount of \$15,000. The loan has an interest rate of 0% and is payable in monthly installments of principal of \$415, expiring on December 15, 2016.	<u>3,790</u>	<u>8,355</u>
Total	<u>3,790</u>	<u>16,355</u>
Less: current portion	<u>(3,790)</u>	<u>(10,980)</u>
Long term debt	<u>\$ -</u>	<u>\$ 5,375</u>

NOTE 7: RELATED PARTIES

On January 10, 2013 the Organization entered into a loan agreement with a board member to meet short term borrowing needs. The loan amount was for \$15,000 and was interest free. During the years ended September 30, 2015 and 2016 the Organization incurred unexpected expenses and was granted a deferment of four loan payments for July, August, September, and October 2015 totaling \$1,660. Loan re-payments for the years ended September 30, 2016 and 2015 totaled \$4,565 and \$3,735 respectively. See Note 6 for notes payable obligations for the years ended September 30, 2016 and 2015.

NOTE 8: ECONOMIC DEPENDENCY

The Organization received over 51% of its support from individual donations during the year ended September 30, 2016 and 48% during the year ended September 30, 2015. A significant reduction in this support could result in a reduction of programs offered.

THE SAINTS PRISON MINISTRY, INC.
Statement of Functional Expenses
For the year ended September 30, 2016 (Unaudited)

	Total	Program Services	Management and General	Fundraising
Salaries	\$ 173,175	\$ 138,540	\$ 29,440	\$ 5,195
Crusades	58,567	58,567	-	-
Payroll taxes and benefits	28,022	22,417	4,764	841
Postage	25,224	23,963	-	1,261
Travel/lodging	22,460	22,460	-	-
Marketing	15,895	11,921	-	3,974
Printing	14,205	11,364	2,841	-
Insurance	14,017	3,504	10,513	-
Literature evangelism	12,296	12,296	-	-
Utilities	10,494	-	10,494	-
Vehicle maintenance and repair	8,908	8,908	-	-
Fuel/mileage/tolls	8,553	8,553	-	-
Computers/website	7,796	1,949	3,898	1,949
Team equipment	7,309	7,309	-	-
Greeting cards	7,296	7,296	-	-
Depreciation	7,132	-	7,132	-
Professional fees	5,569	-	5,569	-
Fees	4,675	-	4,675	-
Office supplies	3,842	-	3,842	-
Training	2,187	1,640	-	547
Interest expense	2,168	-	2,168	-
Telephone	2,081	520	1,561	-
Miscellaneous expenses	1,652	-	1,652	-
Sportswear	1,519	1,519	-	-
Literature discipleship	1,428	1,428	-	-
Memberships	1,255	-	1,255	-
Payroll processing fees	897	-	897	-
Conferences	854	854	-	-
Director outreach	780	780	-	-
Total expenses	<u>\$ 450,256</u>	<u>\$ 345,788</u>	<u>\$ 90,701</u>	<u>\$ 13,767</u>

See independent accountant's compilation report

THE SAINTS PRISON MINISTRY, INC.
Statement of Functional Expenses
For the year ended September 30, 2015 (Audited)

	Total	Program Services	Management and General	Fundraising
Salaries	\$ 205,861	\$ 164,689	\$ 34,996	\$ 6,176
Crusades	54,457	54,457	-	-
Marketing	28,559	21,419	-	7,140
Postage	28,551	27,123	-	1,428
Payroll taxes and benefits	25,747	20,598	4,377	772
Travel/lodging	22,229	22,229	-	-
Insurance	13,861	3,465	10,396	-
Printing	13,796	11,037	2,759	-
Fuel/mileage/tolls	12,613	12,613	-	-
Team equipment	12,212	12,212	-	-
Utilities	11,074	-	11,074	-
Computers/website	8,745	2,186	4,373	2,186
Vehicle maintenance and repair	7,555	7,555	-	-
Greeting cards	6,783	6,783	-	-
Professional fees	6,250	-	6,250	-
Depreciation	6,939	-	6,939	-
Literature evangelism	5,563	5,563	-	-
Office supplies	5,162	-	5,162	-
Fees	4,121	-	4,121	-
Training	4,089	3,067	-	1,022
Interest expense	3,214	-	3,214	-
Telephone	2,900	725	2,175	-
Literature discipleship	1,466	1,466	-	-
Memberships	965	-	965	-
Payroll processing fees	922	-	922	-
Miscellaneous expenses	837	-	837	-
Conferences	765	765	-	-
Sportswear	725	725	-	-
Director outreach	704	704	-	-
Special events	458	229	-	229
Total expenses	\$ 497,123	\$ 379,610	\$ 98,560	\$ 18,953

See independent accountant's compilation report