

THE SAINTS PRISON MINISTRY, INC.

Financial Statements

For the years ended September 30, 2020 and 2019

(With Independent Accountant's Compilation Report Thereon)

THE SAINTS PRISON MINISTRY, INC.
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For the years ended September 30, 2020 and 2019

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HOLT MCNALLY & ASSOCIATES

Certified Public Accountants & Advisors

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 statements of financial position as of September 30, 2020 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 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.

Prior Period Financial Statements

The financial statements as of September 30, 2019 were audited by other auditors whose report dated January 24, 2020 expressed an unmodified opinion.

HOLT MCNALLY & ASSOCIATES, INC.

Certified Public Accountants & Advisors

Medford, New Jersey
November 24, 2020

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THE SAINTS PRISON MINISTRY, INC.
Statements of Financial Position
September 30, 2020 and 2019

	2020 <i>(compiled)</i>	2019 <i>(audited)</i>
ASSETS		
Current assets:		
Cash	\$ 52,813	\$ 9,113
Gifts receivable	-	14,945
Prepaid expenses	<u>5,574</u>	<u>6,159</u>
Total current assets	<u>58,387</u>	<u>30,217</u>
Vehicles, office and sports equipment	54,149	54,149
Less: accumulated depreciation	<u>(30,164)</u>	<u>(21,699)</u>
Property and equipment, net	<u>23,985</u>	<u>32,450</u>
Total assets	<u><u>\$ 82,372</u></u>	<u><u>\$ 62,667</u></u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 2,992	\$ 27,768
Accrued wages and payroll taxes payable	<u>9,234</u>	<u>6,835</u>
Total current liabilities	<u>12,226</u>	<u>34,603</u>
Total liabilities	<u>12,226</u>	<u>34,603</u>
Net assets/(deficit):		
Without donor restrictions:		
Board designated for relocation	1,800	-
Unrestricted	<u>68,346</u>	<u>28,064</u>
Total net assets/(deficit)	<u>70,146</u>	<u>28,064</u>
Total liabilities and net assets/(deficit)	<u><u>\$ 82,372</u></u>	<u><u>\$ 62,667</u></u>

See accompanying notes and independent accountant's compilation report.

THE SAINTS PRISON MINISTRY, INC.
Statements of Activities
For the years ended September 30, 2020 and 2019

	2020 <i>(compiled)</i>	2019 <i>(audited)</i>
Revenues and support:		
Individuals	\$ 220,922	\$ 294,477
Crusades	126,812	197,361
Church giving	37,467	44,491
Special events	42,613	23,608
United Way	6,051	5,027
Miscellaneous	2,208	90
Auto donation program	80	88
Investment income	38	43
Jericho ministry	-	2
Bequest	15,000	-
	<hr/>	<hr/>
Total revenues and support	451,191	565,187
	<hr/>	<hr/>
Expenses:		
Program services	346,667	413,008
Management and general	93,498	92,623
Fundraising	22,244	19,537
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Total expenses	462,409	525,168
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Total operating income/(loss)	(11,218)	40,019
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Non-operating income:		
PPP loan forgiveness	53,300	-
	<hr/>	<hr/>
Total non-operating income	53,300	-
	<hr/>	<hr/>
Change in net assets	42,082	40,019
	<hr/>	<hr/>
Net assets/(deficit) without donor restrictions, beginning of year	28,064	(11,955)
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Net assets/(deficit) without donor restrictions, end of year	\$ 70,146	\$ 28,064
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See accompanying notes and independent accountant's compilation report.

THE SAINTS PRISON MINISTRY, INC.
Statement of Functional Expenses
For the year ended September 30, 2020 (Compiled)

	Total	Program Services	Management and General	Fundraising
Salaries	\$ 248,650	\$ 198,919	\$ 42,271	\$ 7,460
Crusades	19,768	19,768	-	-
Payroll taxes and benefits	38,248	30,599	6,502	1,147
Postage	20,491	20,491	-	-
Travel/lodging	8,425	8,004	-	421
Marketing	9,583	7,187	-	2,396
Insurance	16,031	16,031	-	-
Fuel/mileage/tolls	4,167	1,042	3,125	-
Team equipment	2,622	2,622	-	-
Utilities	9,759	-	9,759	-
Computers/website	10,390	2,597	5,195	2,598
Depreciation	8,465	8,465	-	-
Special events	13,197	6,598	-	6,599
Printing	7,702	6,162	1,540	-
Literature evangelism	5,120	5,120	-	-
Training	6,490	4,867	-	1,623
Fees	5,998	-	5,998	-
Professional fees	9,325	-	9,325	-
Office supplies	3,299	-	3,299	-
Greeting cards	2,775	2,775	-	-
Credit card interest	1,376	-	1,376	-
Telephone	2,814	703	2,111	-
Literature discipleship	2,067	2,067	-	-
Conferences	225	225	-	-
Memberships	1,691	-	1,691	-
Director outreach	746	746	-	-
Payroll processing fees	1,306	-	1,306	-
Building maintenance	1,048	1,048	-	-
Vehicle maintenance and repair	547	547	-	-
Sportswear	84	84	-	-
Total expenses	<u>\$ 462,409</u>	<u>\$ 346,667</u>	<u>\$ 93,498</u>	<u>\$ 22,244</u>

See accompanying notes and independent accountant's compilation report.

THE SAINTS PRISON MINISTRY, INC.
Statement of Functional Expenses
For the year ended September 30, 2019 (Audited)

	Total	Program Services	Management and General	Fundraising
Salaries	\$ 239,391	\$ 191,513	\$ 40,696	\$ 7,182
Crusades	74,239	74,239	-	-
Payroll taxes and benefits	37,672	30,138	6,404	1,130
Postage	23,948	23,948	-	-
Travel/lodging	21,155	20,097	-	1,058
Marketing	12,404	9,303	-	3,101
Insurance	9,444	9,444	-	-
Fuel/mileage/tolls	10,517	2,629	7,888	-
Team equipment	10,306	10,306	-	-
Utilities	10,018	-	10,018	-
Computers/website	8,845	2,211	4,423	2,211
Depreciation	9,040	9,040	-	-
Special events	6,891	3,445	-	3,446
Printing	6,575	5,260	1,315	-
Literature evangelism	6,198	6,198	-	-
Training	5,635	4,226	-	1,409
Fees	5,017	-	5,017	-
Professional fees	4,800	-	4,800	-
Office supplies	3,878	-	3,878	-
Greeting cards	3,817	3,817	-	-
Credit card interest	3,187	-	3,187	-
Telephone	3,157	789	2,368	-
Literature discipleship	2,463	2,463	-	-
Conferences	1,485	1,485	-	-
Memberships	1,444	-	1,444	-
Director outreach	1,198	1,198	-	-
Payroll processing fees	1,185	-	1,185	-
Building maintenance	1,084	1,084	-	-
Vehicle maintenance and repair	175	175	-	-
Total expenses	\$ 525,168	\$ 413,008	\$ 92,623	\$ 19,537

See accompanying notes and independent accountant's compilation report.

THE SAINTS PRISON MINISTRY, INC.
Statements of Cash Flows
For the years ended September 30, 2020 and 2019

	2020 <i>(compiled)</i>	2019 <i>(audited)</i>
Cash flows from operating activities:		
Cash received from fees, grants and contracts	\$ 466,136	\$ 550,242
Cash paid to suppliers and employees	(475,736)	(548,450)
Net cash (used) provided by operating activities	(9,600)	1,792
Cash flows from financing activities:		
Loan Forgiveness	53,300	-
Payment of notes payable	-	(10,500)
Net cash provided (used) by financing activities	53,300	(10,500)
Net increase/(decrease) in cash	43,700	(8,708)
Cash, beginning of year	9,113	17,821
Cash, end of year	\$ 52,813	\$ 9,113
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Changes in net assets	\$ (11,218)	\$ 40,019
Items which did not use cash:		
Depreciation	8,465	9,040
Working capital changes which provided (used) cash:		
Accounts payable	(24,776)	(29,852)
Accrued wages and payroll taxes payable	2,399	1,785
Gifts receivable	14,945	(14,945)
Prepaid expenses	585	(4,255)
Net cash (used)/provided by operating activities	\$ (9,600)	\$ 1,792

See accompanying notes and independent accountant's compilation report.

THE SAINTS PRISON MINISTRY, INC.
Notes to Financial Statements
For the years ended September 30, 2020 and 2019

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 sends 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. Basis of Accounting

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

Net assets without donor restrictions – Net assets available for use in general operations and not subject to donor restrictions. As of September 30, 2020, \$1,800 has been designated by the board for other purposes and \$68,343 is unrestricted.

Net assets with donor restrictions – Net assets subject to donor imposed (or certain grantor 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. We report contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. As of September 30, 2020 and 2019, the Organization did not have any net assets with donor restrictions.

C. Cash and Cash Equivalents

The Organization considers all highly liquid investments purchased with an initial maturity of three months or less to be cash and cash equivalents. The Organization maintains cash balances at a high-quality financial institution located in New Jersey. At times, the balance on deposit may exceed federally insured limits. The Organization has not experienced any losses in such account and believes it is not exposed to any significant credit risk on its cash and cash equivalents.

THE SAINTS PRISON MINISTRY, INC.
Notes to Financial Statements (continued)
For the years ended September 30, 2020 and 2019

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Gifts Receivable

Gifts receivables consist of contributions related to the years ended September 30, 2020 and 2019 but not received until after each respective year end.

E. Contributions

Contributions received and unconditional promises to give are measured at their fair market values and are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions.

F. 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, 2020 and 2019, the Organization benefited from approximately 20,610 and 35,810 hours of donated work, respectively. 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.

G. 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.

H. Property and Equipment

Property and equipment purchased by the Organization are carried at cost less accumulated depreciation. For financial reporting purposes, property and equipment are capitalized and depreciated. Depreciation is provided using the straight-line method over their estimated useful lives as follows:

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

Repairs and maintenance that 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, 2020 and 2019

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. 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. Impact of Recently Issued Accounting Principles

Recently Issued Pronouncements Not Yet Adopted

In February 2016, the FASB issued (ASU) 2016-02, *Leases*. The new ASU will require lessees to recognize for all leases (with terms of more than 12 months) at the commencement date the following a) a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis, and b) a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. The new lease guidance also simplified the accounting for sale and lease back transactions primarily because lessees must recognize lease assets and lease liabilities. Lessees will no longer be provided with a source of off-balance sheet financing. This standard will be effective for nonpublic businesses for fiscal years beginning after December 15, 2021. Early implementation will be permitted. The Organization has not yet implemented this ASU and is currently evaluating the impact of the adoption of this standard on the financial statement and related disclosures.

Recently Issued Pronouncements

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*, which is applicable for all entities that enter into contracts with customers to transfer goods and services or enter into contracts for the transfer of nonfinancial assets unless those contracts are within the scope of other standards (for example, insurance or lease contracts). This ASU supersedes the revenue recognition requirements in Topic 605, *Revenue Recognition*, the most industry-specific guidance. The core principle of this ASU is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects. There are five steps to achieve this core principle. Entities can either apply this standard retrospectively to each prior reporting period presented or retrospectively apply with the cumulative effect at the date of initial application. This statement is effective for annual reporting periods beginning after December 15, 2018. The Organization has adopted Accounting Standards Update (ASU) No. 2014-09 - Revenue from Contracts with Customers (Topic 606), as amended as management believes the standard improves the usefulness and understandability of the Organization's financial reporting. Analysis of various provisions of this standard resulted in no significant changes in the way the Organization recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

See independent accountant's compilation report

THE SAINTS PRISON MINISTRY, INC.
Notes to Financial Statements (continued)
For the years ended September 30, 2020 and 2019

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In June 2018, the FASB issued (ASU) 2018-08, Not for Profit Entities – *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The new ASU will assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The amendments in this Update should be applied on a modified prospective basis. Retrospective application is permitted. Organizations should apply this standard on contributions received to annual periods beginning after December 15, 2018. The Organization has implemented ASU 2018-08 for the year ended December 31, 2019. This implementation did not have a material impact on the Organization’s financial statements and related disclosures.

K. Subsequent Events

The Organization has evaluated subsequent events occurring after September 30, 2020 through the date of November 24, 2020, which is the date the financial statements were available to be issued, noting no subsequent events requiring recording or disclosure in the financial statements or related notes to the financial statements.

NOTE 3: CASH

The deposits held by the Organization at September 30, 2020 and 2019, and reported at fair value, consisted of cash totaling \$52,813 and \$9,113, respectively.

A. Custodial Credit Risk

Deposits in financial institutions, reported as components of cash had a bank balance of \$62,675 and \$13,594 at September 30, 2020 and 2019, respectively. The entire bank balances were fully insured by depository insurance.

B. Concentration of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist of cash. At September 30, 2020 and 2019, all of Organization’s cash was held by Wells Fargo Bank.

NOTE 4: LIQUIDITY AND AVAILABILITY

As of September 30, 2020, the Organization has \$52,813 of financial assets available within one year of the statement of financial position date consisting of cash. None of the financial assets were subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date as of September 30, 2020. The Organization has a goal to maintain financial assets, which consist of cash on hand to meet 15 days of normal operating expenses, which are, on average, approximately \$19,003 for the year ended September 30, 2020.

See independent accountant’s compilation report

THE SAINTS PRISON MINISTRY, INC.
Notes to Financial Statements (continued)
For the years ended September 30, 2020 and 2019

NOTE 5: PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	<u>2020</u>	<u>2019</u>
Vehicles	\$ 44,627	\$ 44,627
Furniture and fixtures	<u>9,522</u>	<u>9,522</u>
Subtotal	54,149	54,149
Less: accumulated depreciation	<u>(30,164)</u>	<u>(21,699)</u>
Total	<u>\$ 23,985</u>	<u>\$ 32,450</u>

Depreciation expense for the years ended September 30, 2020 and 2019 totaled \$8,465 and \$9,040 respectively.

NOTE 6: FUNCTIONAL ALLOCATION OF EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated are salaries and payroll taxes, fuel/mileage/tolls, printing, computers/website, and training.

Salaried and payroll taxes are allocated based on actual time and effort worked in each function. Fuel/mileage/tolls, printing, computers/website, and training are allocated based on costs of actual expenses utilized in each function.

NOTE 7: CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

The Organization received over 44% of its support from individual donations during the year ended September 30, 2020 and 52% during the year ended September 30, 2019. A significant reduction in this support could result in a reduction of programs offered. The organization received a PPP loan during the FY 2020 (see Note 8) that accounted for roughly 10% of the total income. Due to uncertainty dealing with COVID-19 moving forward, the Organization could face additional challenges that may also result in a reduction of programs offered.

NOTE 8: SBA PAYCHECK PROTECTION PROGRAM LOAN

On April 23, 2020, the Organization received loan proceeds in the amount of \$53,300 under the Paycheck Protection Program (“PPP”). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after eight weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The Organization intends to use the proceeds for purposes consistent with the PPP. As of the date of this report, the full amount of the loan has been forgiven.

See independent accountant’s compilation report