

THE SAINTS PRISON MINISTRY, INC.

Financial Statements

For the years ended September 30, 2022 and 2021

(With Independent Auditor's Report Thereon)

THE SAINTS PRISON MINISTRY, INC.
Table of Contents
For the years ended September 30, 2022 and 2021

	<u>Page</u>
Independent Auditor's Report	1
Statements of Financial Position	3
Statements of Activities	4
Statement of Functional Expenses For the year ended September 30, 2022	5
Statement of Functional Expenses For the year ended September 30, 2021	6
Statements of Cash Flows	7
Notes to Financial Statements	9-13

This page intentionally left blank.



HOLT MCNALLY & ASSOCIATES

Certified Public Accountants & Advisors

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of The Saints Prison Ministry, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2022, and the related statement of activities, statement of 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 The Saints Prison Ministry, Inc. as of September 30, 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. 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 The Saints Prison Ministry, 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 The Saints Prison Ministry, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

618 Stokes Road, Medford, NJ 08055

P: 609.953.0612 • **F:** 609.257.0008

www.hmacpainc.com

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 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 The Saints Prison Ministry, Inc.'s 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 The Saints Prison Ministry, Inc.'s 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.

Prior Year Financial Statements

The September 30, 2021 financial statements were compiled by us, and our report thereon, dated December 1, 2021 stated that we do not express an opinion, a conclusion, nor provide any form of assurance on those financial statements.

HOLT MCNALLY & ASSOCIATES, INC.
Certified Public Accountants & Advisors

Medford, New Jersey
April 3, 2023

THE SAINTS PRISON MINISTRY, INC.
Statements of Financial Position
September 30, 2022 and 2021

	<u>2022</u>	<u>2021</u> <i>(compiled)</i>
ASSETS		
Current assets:		
Cash	\$ 203,870	\$ 93,161
Prepaid expenses	-	4,228
Total current assets	<u>203,870</u>	<u>97,389</u>
Vehicles, office and sports equipment	54,149	54,149
Less: accumulated depreciation	<u>(47,095)</u>	<u>(38,630)</u>
Property and equipment, net	<u>7,054</u>	<u>15,519</u>
Long-term investments	<u>-</u>	<u>19,386</u>
Total assets	<u><u>\$ 210,924</u></u>	<u><u>\$ 132,294</u></u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	<u>\$ 36,347</u>	<u>\$ 6,110</u>
Total current liabilities	<u>36,347</u>	<u>6,110</u>
Total liabilities	<u>36,347</u>	<u>6,110</u>
Net assets/(deficit):		
Without donor restrictions	<u>174,577</u>	<u>126,184</u>
Total net assets/(deficit)	<u>174,577</u>	<u>126,184</u>
Total liabilities and net assets/(deficit)	<u><u>\$ 210,924</u></u>	<u><u>\$ 132,294</u></u>

The accompanying notes to the financial statements are an integral part of this statement.

THE SAINTS PRISON MINISTRY, INC.
Statements of Activities
For the years ended September 30, 2022 and 2021

	2022	2021 <i>(compiled)</i>
Revenues and support:		
Individuals	\$ 233,021	\$ 283,847
Crusades	174,039	70,242
Church giving	41,256	37,462
Special events	44,584	33,075
United Way	6,140	5,556
Miscellaneous	35	-
Auto donation program	38	1,491
Investment income	18	121
Grant income	-	10,000
Bequest	125,567	-
	<u>624,698</u>	<u>441,794</u>
Total revenues and support		
Expenses:		
Program services	465,108	311,521
Management and general	87,047	109,509
Fundraising	24,150	19,048
	<u>576,305</u>	<u>440,078</u>
Total expenses		
Total operating income/(loss)	<u>48,393</u>	<u>1,716</u>
Non-operating income:		
PPP loan forgiveness	-	54,322
Total non-operating income	<u>-</u>	<u>54,322</u>
Change in net assets	<u>48,393</u>	<u>56,038</u>
Net assets/(deficit) without donor restrictions, beginning of year	<u>126,184</u>	<u>70,146</u>
Net assets/(deficit) without donor restrictions, end of year	<u>\$ 174,577</u>	<u>\$ 126,184</u>

The accompanying notes to the financial statements are an integral part of this statement.

THE SAINTS PRISON MINISTRY, INC.
Statement of Functional Expenses
For the year ended September 30, 2022

	Total	Program Services	Management and General	Fundraising
Salaries	\$ 221,496	\$ 177,197	\$ 37,654	\$ 6,645
Crusades	113,922	113,922	-	-
Payroll taxes and benefits	32,870	26,296	5,588	986
Postage	23,823	23,823	-	-
Travel/lodging	25,244	23,982	-	1,262
Marketing	19,881	14,911	-	4,970
Insurance	13,767	13,767	-	-
Fuel/mileage/tolls	7,677	1,919	5,758	-
Team equipment	13,703	13,703	-	-
Utilities	10,336	-	10,336	-
Computers/website	11,635	2,908	5,818	2,909
Depreciation	8,465	8,465	-	-
Special events	13,815	6,907	-	6,908
Printing	6,949	5,559	1,390	-
Literature evangelism	7,435	7,435	-	-
Training	1,880	1,410	-	470
Fees	7,721	-	7,721	-
Professional fees	5,000	-	5,000	-
Office supplies	3,036	-	3,036	-
Greeting cards	2,782	2,782	-	-
Telephone	2,618	654	1,964	-
Literature discipleship	1,444	1,444	-	-
Memberships	1,646	-	1,646	-
Director outreach	142	142	-	-
Payroll processing fees	1,136	-	1,136	-
Building maintenance	16,247	16,247	-	-
Vehicle maintenance and repair	1,058	1,058	-	-
Sportswear	577	577	-	-
Total expenses	\$ 576,305	\$ 465,108	\$ 87,047	\$ 24,150

The accompanying notes to the financial statements are an integral part of this statement.

THE SAINTS PRISON MINISTRY, INC.
Statement of Functional Expenses
For the year ended September 30, 2021
(compiled)

	Total	Program Services	Management and General	Fundraising
Salaries	\$ 201,615	\$ 161,292	\$ 34,275	\$ 6,048
Crusades	39,207	39,207	-	-
Payroll taxes and benefits	31,859	25,487	5,416	956
Postage	14,280	14,280	-	-
Travel/lodging	10,631	10,099	-	532
Marketing	9,765	7,324	-	2,441
Insurance	18,307	18,307	-	-
Fuel/mileage/tolls	2,811	703	2,108	-
Team equipment	1,799	1,799	-	-
Utilities	10,280	-	10,280	-
Computers/website	13,127	3,281	6,564	3,282
Depreciation	8,465	8,465	-	-
Special events	11,523	5,761	-	5,762
Printing	5,206	4,165	1,041	-
Literature evangelism	43	43	-	-
Training	106	79	-	27
Fees	37,464	-	37,464	-
Professional fees	4,875	-	4,875	-
Office supplies	2,515	-	2,515	-
Greeting cards	25	25	-	-
Telephone	3,163	790	2,373	-
Literature discipleship	6,241	6,241	-	-
Conferences	1,947	1,947	-	-
Memberships	1,479	-	1,479	-
Director outreach	653	653	-	-
Payroll processing fees	1,119	-	1,119	-
Building maintenance	1,345	1,345	-	-
Vehicle maintenance and repair	228	228	-	-
Total expenses	\$ 440,078	\$ 311,521	\$ 109,509	\$ 19,048

The accompanying notes to the financial statements are an integral part of this statement.

THE SAINTS PRISON MINISTRY, INC.
Statements of Cash Flows
For the years ended September 30, 2022 and 2021

	2022	2021 <i>(compiled)</i>
Cash flows from operating activities:		
Cash received from fees, grants and contracts	\$ 624,698	\$ 441,794
Cash paid to suppliers and employees	(533,375)	(436,382)
Net cash provided by operating activities	91,323	5,412
Cash flows from investing activities:		
Purchase of investments	19,386	(19,386)
Net cash provided (used) by investing activities	19,386	(19,386)
Cash flows from financing activities:		
Loan Forgiveness	-	54,322
Net cash provided by financing activities	-	54,322
Net increase in cash	110,709	40,348
Cash, beginning of year	93,161	52,813
Cash, end of year	\$ 203,870	\$ 93,161
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Changes in net assets	\$ 48,393	\$ 1,716
Items which did not use cash:		
Depreciation	8,465	8,465
Working capital changes which provided (used) cash:		
Accounts payable	30,237	3,119
Accrued wages and payroll taxes payable	-	(9,234)
Prepaid expenses	4,228	1,346
Net cash provided by operating activities	\$ 91,323	\$ 5,412

The accompanying notes to the financial statements are an integral part of this statement.

This page intentionally left blank.

THE SAINTS PRISON MINISTRY, INC.
Notes to Financial Statements
For the years ended September 30, 2022 and 2021

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, 2022, \$1,800 has been designated by the board for other purposes and \$172,777 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, 2022 and 2021, 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, 2022 and 2021

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Investments

Investments are presented in the financial statements at their fair market values based on quoted market prices for those securities.

E. Gifts Receivable

Gifts receivables consist of contributions related to the years ended September 30, 2022 and 2021 but not received until after each respective year end.

F. 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.

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, 2022 and 2021, the Organization benefited from approximately 19,600 and 3,500 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.

H. 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.

I. 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, 2022 and 2021

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. 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.

K. Fair Value Measurements

The Organization categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level I) and the lowest priority to unobservable inputs (Level III). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement. Assets and liabilities valued at fair value are categorized based on the inputs to the valuation techniques as follows:

Level I – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access. Fair values for these instruments are estimated using pricing models or quoted prices of securities with similar characteristics.

Level II – Inputs that include quoted market prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level III – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's assumptions, as there is little, if any, related market activity. Fair values for these instruments are estimated using appraised values.

Subsequent to initial recognition, the Organization may re-measure the carrying value of assets and liabilities measured on a nonrecurring basis to fair value. Adjustments to fair value usually result when certain assets are impaired. Such assets are written down from their carrying amounts to their fair value.

THE SAINTS PRISON MINISTRY, INC.
Notes to Financial Statements (continued)
For the years ended September 30, 2022 and 2021

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L. Impact of Recently Issued Accounting Standards

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 reviewed the standard and determined that there will be no financial impact and will not apply to years going forward.

M. Subsequent Events

The Organization has evaluated subsequent events occurring after September 30, 2022 through the date of April 3, 2023, 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, 2022 and 2021, and reported at fair value, consisted of cash totaling \$203,870 and \$93,161, respectively.

A. Custodial Credit Risk

Deposits in financial institutions, reported as components of cash had a bank balance of \$211,268 and \$103,734 at September 30, 2022 and 2021, 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, 2022 and 2021, all of Organization's cash was held by Wells Fargo Bank.

NOTE 4: INVESTMENTS

As of September 30, 2022, the Organization had no investments.

During September of 2021, the Organization had stock donated. This donated stock was subsequently liquidated in October of 2021. The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of September 30, 2021:

THE SAINTS PRISON MINISTRY, INC.
Notes to Financial Statements (continued)
For the years ended September 30, 2022 and 2021

NOTE 4: INVESTMENTS (continued)

<i>Assets at Fair Value as of September 30, 2021</i>				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Stocks	<u>\$ 19,386</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,386</u>
Total Investments as fair value	<u>\$ 19,386</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,386</u>

NOTE 5: LIQUIDITY AND AVAILABILITY

As of September 30, 2022, the Organization has \$203,870 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, 2022. 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 \$23,684 for the year ended September 30, 2022.

NOTE 6: PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	<u>2022</u>	<u>2021</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>(47,095)</u>	<u>(38,630)</u>
Total	<u>\$ 7,054</u>	<u>\$ 15,519</u>

Depreciation expense for the years ended September 30, 2022 and 2021 totaled \$8,465 and \$8,465 respectively.

NOTE 7: 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.

THE SAINTS PRISON MINISTRY, INC.
Notes to Financial Statements (continued)
For the years ended September 30, 2022 and 2021

NOTE 8: LITIGATION

The Organization is from time to time subject to routine legal proceedings and claims that arise in the ordinary course of its business. In the opinion of management, such proceedings will not have a material adverse effect on the Organization's financial statements.

NOTE 9: CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

The Organization received over 57% of its support from individual donations and bequests during the year ended September 30, 2022 and 64% during the year ended September 30, 2021. A significant reduction in this support could result in a reduction of programs offered.