

Prisoner Visitation and Support

Committee Meeting Report

Committee: Finance

Date of Meetings: April 10 and May 2, 2025

Board Members Present at Meetings: Tom Slick, Linda Roberts

Others Present at the Meetings: Anna Katz, Emily Cashell, and Stephanie Farley

Topics of Discussion:

2024 Reviewed Financial Statements:

- The draft 2024 financial results were previously reviewed with the Board at the February meeting. The final results reflected a reduction in “Change in Net Assets” or “Net Revenue” from \$110,177 to \$100,374. Expenses were increased from \$186,228 to \$196,139 as a result of several adjustments as follows:
 1. Additional accrual for the auditor’s “Review” v. a “Compilation” of \$3,000 as revenue exceeded \$250,000
 2. Approved pension contributions of \$6,900
 3. Approved bonus of \$3,000
 4. Reversal of an unidentified liability of \$2,332
- The Certified Public Accountants (CPAs) conclusion is that the financial statements do not require any material modifications to be in accordance with generally accepted accounting principles
- In the Statements of Financial Position (Balance Sheet) and Notes 4 and 6 the financial statements break out the two quasi-endowment funds. The original fund with Friends Fiduciary serves primarily as a reserve fund, with no particular policy for periodic distributions nor the investment period. The endowment established in 2023 (and first funded in 2024) has an extensive policy document governing the investment period (corpus to be invested in perpetuity), periodic distributions to the operating fund, and investment guidelines. Both are Board Designated funds that can be accessed with the approval of the Board.
- In the Statement of Activities the Employee Retention Credits (ERC) have been classified as Contributions and Grants – Government whereas internal financial statements have been reporting this income as “Other Revenue”. The CPAs believe this is the correct classification.
- In the Statement of Functional Expenses the “Program Services” calculates to 35.5% of total expenses compared to 40.6% for 2023. Although the same percentages were used for the allocation of Salaries and other related costs for 2024 as 2023, other expenses caused the overall allocation to be lower to programs. This is a critical ratio as donors are interested in how much of their donations are used for the mission of the organization. Of course the small size of PVS renders difficulty in producing a more desirable allocation of 70% or higher. As a footnote, if the value of the visitor volunteer time of \$357,673 (Note 3) is factored in the program services ratio rises to 77%. The staff intuitively feels that the percentage is higher and has committed to

tracking and documenting their time by the three categories in 2025 to produce a more accurate and defensible allocation.

- The Finance Committee recommends that the Board approve the 2024 Reviewed Financial Statements.

2024 IRS Form 990:

- The Committee reviewed and discussed the IRS Form 990 prepared by the CPAs. The Committee approved the 990 and authorized its filing before the May 15 deadline. The Committee requested that the Schedule of Contributors (Schedule B) be redacted from public dissemination for reasons of confidentiality. The Committee recommends that the Board approve the 2024 Form 990, which will be posted to the PVS website.

First Quarter 2025 Financial Statements:

- First quarter results reflect a “net operating loss” of \$11,011 versus a budgeted loss of \$26,557. Note that revenues typically run lower in the beginning of the year. Revenue actually exceeded budget (\$32,312 versus \$21,300) and expenses were somewhat lower than budget (\$43,323 versus \$47,857).
- Under “Other Income” PVS did receive the ERC for the fourth quarter of 2020 and the first quarter of 2021 in the net amount of \$23,254. PVS is still owed the credit for the second and third quarters of 2021. The IRS informed PVS that the ERC for the third quarter of 2021 in the amount of about \$18,000 was disallowed. PVS appealed that ruling and the IRS wrote that its reconsideration would be communicated by April 12 but a notification has not yet been received. The endowment funds reflected an unrealized loss of \$6,628 in the first quarter as securities markets were reacting to early policies of the Trump administration. The Friends Fiduciary account reported a net unrealized loss in the period of 1.26%, slightly worse than the benchmark loss of .85%. During the quarter \$75,000 was transferred from the Friends Fiduciary account to the Fidelity account managed by Stillwater Capital Advisors as approved by the Board.
- The balance sheet reflects working capital of \$327,437 (which excludes the Endowment corpus of \$99,211), a healthy level compared to the 2025 budget for expenditures of \$201,700.

2025 National Conference:

- The Executive Committee reviewed and approved a budget for the 2025 National Conference in St. Louis. This Board will be asked to ratify this action by the Executive Committee.