

PRISONER VISITATION AND SUPPORT

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018



**PRISONER VISITATION AND SUPPORT
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YEAR ENDED DECEMBER 31, 2018**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Prisoner Visitation and Support
Philadelphia, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of Prisoner Visitation and Support (a nonprofit organization) which comprise the statement of financial position as of December 31, 2018, 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.

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 America; 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 misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors
Prisoner Visitation and Support

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Prisoner Visitation and Support as of December 31, 2018 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.

J. Miller & Associates, LLC

J. MILLER & ASSOCIATES, LLC

Philadelphia, Pennsylvania
November 21, 2019

**PRISONER VISITATION AND SUPPORT
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2018**

ASSETS

Cash and Cash Equivalents	\$ 24,413
Beneficial Interest in Assets Held by Others	53,706
Total Assets	<u>\$ 78,119</u>

LIABILITIES

Liabilities	\$ 11,217
Total Liabilities	<u>11,217</u>

NET ASSETS

Without Donor Restrictions	
Undesignated	13,196
Board Designated	53,706
Total Net Assets	<u>66,902</u>
Total Liabilities and Net Assets	<u>\$ 78,119</u>

**PRISONER VISITATION AND SUPPORT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2018**

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Grants and Contributions	\$ 119,564	\$ -	\$ 119,564
Investment Income	2,841	-	2,841
Net Realized and Unrealized Gains (Losses)	(5,435)	-	(5,435)
Bequest	289	-	289
Other Income	3,802	-	3,802
Total Revenue and Support	<u>121,061</u>	<u>-</u>	<u>121,061</u>
Expenditures			
Program	47,279	-	47,279
Management and General	109,918	-	109,918
Fundraising	44,564	-	44,564
Total Expenditures	<u>201,761</u>	<u>-</u>	<u>201,761</u>
Change in Net Assets	<u>(80,700)</u>	<u>-</u>	<u>(80,700)</u>
Net Assets, Beginning of the Year, as previously reported	106,974	40,628	147,602
Prior Period Adjustment	<u>40,628</u>	<u>(40,628)</u>	<u>-</u>
Net Assets, Beginning of the Year, restated	<u>147,602</u>	<u>-</u>	<u>147,602</u>
Net Assets, End of the Year	<u><u>\$ 66,902</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 66,902</u></u>

See accompanying notes to the financial statements.

**PRISONER VISITATION AND SUPPORT
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2018**

Description	Program	Management and General	Fundraising	Total
Salary	\$ 38,413	\$ 58,254	\$ 24,000	\$ 120,667
Payroll Taxes	-	10,281	-	10,281
Employee Benefits	5,550	12,632	-	18,182
Insurance	-	4,773	-	4,773
Bank Fees	-	2,582	-	2,582
Conferences	305	1,216	-	1,521
Information Technology	-	2,567	-	2,567
Miscellaneous Expenses	-	1,051	-	1,051
Office Supplies	-	2,256	-	2,256
Pension	-	2,000	-	2,000
Postage	-	1,835	-	1,835
Printing	-	-	20,564	20,564
Professional Fees	60	-	-	60
Telephone	350	-	-	350
Rent	-	10,471	-	10,471
Travel	2,601	-	-	2,601
Total	\$ 47,279	\$ 109,918	\$ 44,564	\$ 201,761

See accompanying notes to the financial statements.

**PRISONER VISITATION AND SUPPORT
STATEMENT OF CASH FLOW
YEAR ENDED DECEMBER 31, 2018**

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	\$ (80,700)
Adjustments to Change in Net Assets to Net Cash from Operating Activities:	
Increase(decrease) in:	
Beneficial Interest in Assets held by Others	(1,956)
Decrease(Increase) in:	
Accounts Payable	10,434
Net Cash Provided (used) by Operating Activities	<u>(72,222)</u>
NET DECREASE IN CASH	(72,222)
Cash - Beginning of Year	<u>96,635</u>
CASH - END OF YEAR	<u><u>\$ 24,413</u></u>

See accompanying notes to the financial statements.

**PRISONER VISITATION AND SUPPORT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Prisoner Visitation and Support (PVS) is a volunteer visitation program to federal and military prisoners throughout the United States. The organization's primary focus is on those prisoners who do not ordinarily receive visits from family and friends, want or need visits, are in solitary confinement, on death row or are serving long sentences.

PVS has nearly four hundred volunteers visiting at seventy-nine different federal prison locations around the United States. This cadre of volunteers is supported by a very small office staff (2.5 FTE) that appoints, tracks and communicates with volunteers, raises funds to support operations, and maintains relations with Bureau of Prisons and the Department of Defense. The organization has been providing its unique service to prisoners for fifty years.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

Implementation of New Accounting Standards

On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. PVS has implemented ASU 2016-14 and has adjusted the presentation in these financial statements accordingly.

Financial Statement Presentation

Currently, there are two classes of net assets for nonprofit organizations: net assets with donor restrictions and net assets without donor restrictions.

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets 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 (or certain grantor) restrictions. The governing board may designate, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

**PRISONER VISITATION AND SUPPORT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Presentation (Continued)

Net Assets With Donor Restrictions – Net assets subject to donor (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. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles, requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

PVS considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are required to be reported at fair value in the statement of financial position with gains and losses included in the statement of activities. Investment income or loss (including realized gains and losses on investments, interest and dividends) is included as increase in net assets without restrictions unless the income or loss is restricted by donor or law.

Beneficial Interest in Assets Held by Others

PVS' Beneficial Interest in the assets held by others is reported at fair value. Changes in the fair value of the assets are recognized in the period the change occurs as unrealized gains or losses.

Grants and Contributions

Grants and Contributions received are recorded as without donor restrictions or with donor restrictions depending on the existence and/or nature of any donor restrictions.

Income Taxes

PVS is recognized as an organization exempt from federal and state income tax under Section 501(c)(3) of the Internal Revenue Code of 1986. Accordingly, there is no provision for income taxes. PVS's informational returns are subject to review and examination by Federal and State tax authorities. PVS is not aware of any activities that would jeopardize its tax-exempt status. PVS is not aware of any activities that are subject to tax on unrelated business income taxes.

**PRISONER VISITATION AND SUPPORT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018**

NOTE 2 LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, consist of cash and cash equivalents totaling \$24,413 at December 31, 2018.

As part of liquidity management plan, PVS invests cash in excess of daily requirements in savings accounts.

NOTE 3 BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

In 2003, PVS established an endowment fund with the Friends Fiduciary Corporation (See Note 5). Under the terms of the agreement, any distributions are reinvested. Should PVS cease to exist or disband, the American Friends Service Committee is the residual beneficiary of the remaining funds. At December 31, 2018, the endowment fund has a value of \$53,706, which is reported in the statement of financial position as beneficial interest in assets held by others.

NOTE 4 FAIR VALUE MEASUREMENTS

PVS reports certain assets at fair value in the financial statements. Fair value is defined as the price that would be received to sell an asset or the price that would be paid to dispose of a liability in an orderly transaction between market participants at the measurement date. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that we can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, inputs are developed using the best information available in the circumstances.

**PRISONER VISITATION AND SUPPORT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018**

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

Following is a description of the valuation methodologies used for assets measured at fair value.

For value of our beneficial interest in assets held by the Friends Fiduciary Corporation is based on the fair value of fund investments as reported by the community foundation. These are considered to be Level 3 measurements.

At December 31, 2018, assets measured at fair value, are as follows:

	Total	Quoted Prices in	Significant Other	Significant
		Active Markets for Identical Assets	Observable Inputs	Unobservable Inputs
	Level-1	Level-2	Level-3	
Investments:				
Beneficial Interest in Assets Held by Others	\$ 53,706	\$ -	\$ -	\$ 53,706
Total investment portfolio	\$ 53,706	\$ -	\$ -	\$ 53,706

The following is a reconciliation of the beginning and ending balance of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended December 31, 2018:

Beginning Balance	\$ 57,150
Interest and dividend income	2,069
Net realized and unrealized gain (loss)	(5,513)
Ending Balance	\$ 53,706

NOTE 5 NET ASSETS WITHOUT DONOR RESTRICTIONS - BOARD DESIGNATED

Board designated net assets are as follows:

Beneficial Interest in Assets Held With Others (See Note 3)	\$ 53,706
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NOTE 6 RETIREMENT PLAN

PVS has a Tax-Sheltered Account Program for participating key employees. Under this plan PVS contributes approximately ten percent of the employees' salaries to the plan. For the year ended December 31, 2018, \$2,000 is included as pension expense in the statement of activities.

**PRISONER VISITATION AND SUPPORT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018**

NOTE 7 COMMITMENT – LEASE

PVS has a lease agreement under which PVS utilizes approximately 731 square feet of office, at 1501 Cherry St. Second Floor, Suite 204, Philadelphia, PA, 19102. The lease is for two years, at the rate of \$1,028 per month beginning June 1, 2018. The lease expires June 30, 2020. Rent expense for the year ended December 31, 2018 was \$10,471.

The future minimum obligations on the lease are as follows:

For Year Ending December 31,	
2019	\$ 13,476
2020	<u>7,308</u>
TOTAL	<u><u>\$ 20,784</u></u>

NOTE 8 CONCENTRATION OF RISKS

Financial instruments which subject PVS to concentrations of credit risk consist primarily of cash. PVS maintains cash deposits at various banks and at times these may exceed federally-insured limits.

NOTE 9 PRIOR PERIOD ADJUSTMENT

Net assets have been restated to correct errors in reporting net assets with and without donor restrictions. The effects of the restatement are below:

	Amount as Restated	Amount Previously Reported	Difference (Adjustment)
Net Assets Without Donor Restrictions	\$ 146,866	\$ 106,238	\$ 40,628
Net Assets With Donor Restrictions	\$ -	\$ 40,628	\$ (40,628)

NOTE10 SUBSEQUENT EVENTS

PVS has evaluated subsequent events through November 21, 2019, which is the date the financial statements were available to be issued.