

PRISONER VISITATION AND SUPPORT

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019



**PRISONER VISITATION AND SUPPORT
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YEAR ENDED DECEMBER 31, 2019**

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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, 2019, and the related statement of activities, 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, 2019, 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
July 20, 2021

**PRISONER VISITATION AND SUPPORT
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019**

ASSETS

Cash and cash equivalents	\$ 13,464
Investment fund - board designated	65,453
Prepaid expenses	<u>1,293</u>
Total Assets	<u><u>\$ 80,210</u></u>

LIABILITIES

Accounts payable	<u>\$ 3,625</u>
Total Liabilities	<u>3,625</u>

NET ASSETS

Without Donor Restrictions	
Undesignated	11,132
Board designated	<u>65,453</u>
Total Net Assets Without Donor Restrictions	<u>76,585</u>
Total Liabilities and Net Assets	<u><u>\$ 80,210</u></u>

**PRISONER VISITATION AND SUPPORT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019**

Revenue and Support	
Grants and contributions	\$ 172,562
Bequest	24,637
Interest and dividends	2,416
Net unrealized gains and losses	10,564
Other Income	672
Total Revenue and Support	<u>210,851</u>
Expenses	
Program	99,927
Management and general	63,354
Fundraising	37,887
Total Expenses	<u>201,168</u>
Change in Net Assets	9,683
Net Assets Without Donor Restrictions, Beginning of the Year	<u>66,902</u>
Net Assets Without Donor Restrictions, End of the Year	<u><u>\$ 76,585</u></u>

See accompanying notes to the financial statements.

**PRISONER VISITATION AND SUPPORT
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2019**

Description	Program	Management and General	Fundraising	Total
Salary	\$ 31,927	\$ 28,839	\$ 16,613	\$ 77,379
Payroll taxes	2,739	2,474	1,425	6,638
Employee benefits	6,510	5,155	2,685	14,350
Insurance	3,944	1,758	-	5,702
Bank fees	-	1,258	-	1,258
Conferences	30,761	-	-	30,761
Equipment	-	859	-	859
Information technology	105	103	103	311
Miscellaneous expenses	4,345	2,173	2,173	8,691
Occupancy	6,294	5,685	3,275	15,254
Office supplies	475	461	461	1,397
Payroll fees	470	424	244	1,138
Pension	4,222	5,044	3,844	13,110
Postage	580	129	580	1,289
Printing	6,485	3,242	6,484	16,211
Professional fees	-	5,750	-	5,750
Travel	1,070	-	-	1,070
Total Expenses	<u>\$ 99,927</u>	<u>\$ 63,354</u>	<u>\$ 37,887</u>	<u>\$ 201,168</u>

See accompanying notes to the financial statements.

**PRISONER VISITATION AND SUPPORT
STATEMENT OF CASH FLOW
YEAR ENDED DECEMBER 31, 2019**

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 9,683
Adjustments to reconcile change in net assets without donor restrictions to net cash used in operating activities:	
Unrealized gains and losses	(10,564)
Increase in:	
Prepaid expenses	(1,293)
Decrease in:	
Accounts payable	(7,592)
Net cash used in Operating Activities	<u>(9,766)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Reinvestment of dividends	(1,183)
Net cash used in Investing Activities	<u>(1,183)</u>
NET DECREASE IN CASH	(10,949)
Cash and cash equivalents - Beginning of Year	<u>24,413</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 13,464</u>

See accompanying notes to the financial statements.

**PRISONER VISITATION AND SUPPORT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Prisoner Visitation and Support (“PVS”) is a nationwide nonprofit organization of volunteers who visit federal and military prisons throughout the United States. Founded in 1968, PVS has more than 400 volunteers who visit in over 100 prisons across the country. PVS is authorized by both the Federal Bureau of Prisons and the Department of Defense to visit prisoners in their facilities.

The primary focus of PVS is to provide prisoners with regular face-to-face contact from the world outside of prison to help them cope with prison life, and to prepare them for a successful re-entry into society. PVS gives priority to 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 is a non-sectarian, independent organization that has no political, religious, or social agenda. PVS’ role is to simply listen to prisoners, care about them, and discuss things that interest them, without judgment. In order to be the best visitors and support for those incarcerated, PVS provides extensive initial and refresher training for volunteers throughout the year as well as an in-person conference.

PVS relies on hands-on support from visitors and other volunteers to assist its small staff in planning trainings, communicating with, and counseling visitors, fundraising, and coordinating with staff at the Bureau of Prisons and Department of Defense.

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.

Financial Statement Presentation

PVS is required to report information regarding its financial position and activities according to two categories of net assets: net assets with donor restrictions and net assets without donor restrictions. A description of the net asset categories follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. These net assets may be used at the discretion of PVS’ management and board and/or designated by the board to be set aside in a fund.

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 those resources be maintained in perpetuity. PVS did not have any net assets with donor restrictions at December 31, 2019.

**PRISONER VISITATION AND SUPPORT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Implementation of New Accounting Standards

PVS has adopted Accounting Standards Update (“ASU”) No. 2018-08 *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958)*. The new guidance helps distinguish if grants and contracts from resource providers are exchange transactions or contributions. Once a transaction is deemed to be a contribution, the ASU provides guidance to determine when a contribution is conditional. Unconditional contributions are recognized immediately and classified as either net assets with or without donor restrictions, while conditional contributions received are accounted for as liability until the barrier to entitlement are overcome, at which point the transaction is recognized as unconditional and classified as either net assets with or without restrictions. The adoption of this standard for the year ended December 31, 2019, did not result in a change in accounting for PVS’ revenue.

Recent Accounting Pronouncement Not Yet Adopted

Leases

In February 2016, the FASB issued ASU 2016-02 “Leases (Topic 842).” The primary objective of the standard is to increase transparency and comparability among organizations by requiring lessees to recognize lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements. The new standard clarifies the definition of a lease and causes lessees to recognize leases on the statement of financial position as a lease liability with a corresponding right-of-use asset. The standard is effective for fiscal years beginning after December 15, 2021. Early adoption is permitted. PVS is currently evaluating the standard and its impact on the financial statements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted, in the United States of America (“GAAP”) 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.

Investment Fund - Board Designated

PVS’ board designated investment fund 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.

**PRISONER VISITATION AND SUPPORT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Certain costs are attributed to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. Accordingly, costs are allocated to program and supporting services based on employees' time for each function, purpose of each expenditure, and service provided for each program.

Income Taxes

PVS is recognized as an organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1986. Accordingly, there is no provision for income taxes. PVS' informational returns are subject to review and examination by Federal 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.

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 statement of financial position date, consist of cash and cash equivalents totaling \$13,464 at December 31, 2019.

PVS regularly monitors liquidity required to meet its operating needs and commitments. PVS maintains its financial assets in cash and cash equivalents with the goal of having funds available to fund near term operating needs as they become due.

NOTE 3 INVESTMENT FUND – BOARD DESIGNATED

In 2003, PVS established a quasi-endowment fund with the Friends Fiduciary Corporation ("FFC") (See Notes 4 and 5). Under the terms of the agreement, the fund is held and invested by FFC, and any distributions are reinvested. Should PVS cease to exist or disband, the American Friends Service Committee is the residual beneficiary of the remaining funds. As of December 31, 2019, the endowment fund has a value of \$65,453, which is reported in the statement of financial position as investment fund – board designated.

**PRISONER VISITATION AND SUPPORT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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 PVS 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.

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

The investment fund held with the Friends Fiduciary Corporation is based on the fair value of fund investments as reported by the Friends Fiduciary Corporation. These are considered to be Level 3 measurements.

As of December 31, 2019, assets measured at fair value, are as follows:

	Total	Quoted Prices in Active Markets for Identical Assets Level-1	Significant Other Observable Inputs Level-2	Significant Unobservable Inputs Level-3
Investment fund - board designated	\$ 65,453	\$ -	\$ -	\$ 65,453
Total investment portfolio	\$ 65,453	\$ -	\$ -	\$ 65,453

**PRISONER VISITATION AND SUPPORT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

The following is a reconciliation of the beginning and ending balance of the investment fund – board designated is measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended December 31, 2019:

Beginning Balance	\$ 53,706
Interest and dividend income	1,183
Net realized and unrealized gain (loss)	<u>10,564</u>
Ending Balance	<u><u>\$ 65,453</u></u>

NOTE 5 NET ASSETS WITHOUT DONOR RESTRICTIONS - BOARD DESIGNATED

Board designated net assets were as follows:

Investment fund - board designated (Note3)	<u><u>\$ 65,453</u></u>
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NOTE 6 RETIREMENT PLAN

PVS has a Tax-Sheltered Account Program for participating key employees. Under this plan PVS contributes up to ten percent of the value of employees’ salaries to the plan. For the year ended December 31, 2019, PVS contributed \$13,110 to the plan and is included in employee benefits in the accompanying statement of functional expenses.

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, and \$1,218 per month beginning July 1, 2019, plus phone and internet fees. The lease expires June 30, 2020. Rent expense for the year ended December 31, 2019, was \$13,476 and is included in occupancy in the statement of functional expenses.

The future minimum obligations on the lease are as follows:

For Year Ending December 31,	
2020	<u>\$ 7,308</u>
TOTAL	<u><u>\$ 7,308</u></u>

NOTE 8 CONCENTRATIONS OF RISKS

Financial instruments which subject PVS to concentrations of credit risk consist primarily of cash. PVS maintains deposits at financial institutions which at times may exceed federally insured limits. At December 31, 2019, no balance was in excess of the insured limits.

**PRISONER VISITATION AND SUPPORT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 9 SUBSEQUENT EVENTS

PVS has evaluated subsequent events through July 20, 2021, which is the date the financial statements were available to be issued.

In March 2020, in response to the emerging COVID-19 pandemic, PVS shifted to providing services and working remotely to help reduce the rate of community spread. It is uncertain what will be the economic impact of this evolving crises on the overall economy and the trickledown effect on PVS's finances and operations. As the crisis continues to unfold, PVS's management will make ongoing strategic decisions to manage operations and monitor cash flow.

In March 2021, PVS obtained a Paycheck Protection Program ("PPP") loan in the amount of \$15,250 from the U.S. Small Business Administration ("SBA") These loans were authorized by Congress in an effort to aid organizations during the pandemic.