

ORTHODOX CHRISTIAN PRISON MINISTRY
AUDITED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

ORTHODOX CHRISTIAN PRISON MINISTRY

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Orthodox Christian Prison Ministry

Opinion

We have audited the accompanying financial statements of Orthodox Christian Prison Ministry (a nonprofit organization), which comprise the statement of assets, liabilities, and net assets - modified cash basis as of December 31, 2020, and the related statements of revenues, expenses, and changes in net assets - modified cash basis and functional expenses - modified cash basis 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 assets, liabilities, and net assets of Orthodox Christian Prison Ministry as of December 31, 2020, and its revenue and expenses for the year then ended in accordance with the modified cash basis of accounting as described in Note A.

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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Orthodox Christian Prison Ministry 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.

Basis of Accounting

We draw attention to Note A of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note A, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Auditors' 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 auditors' 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, including omissions, 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 Orthodox Christian Prison Ministry'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 Orthodox Christian Prison Ministry'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.

Barnes Wendling CPAs

Sheffield Village, Ohio
June 14, 2021

ORTHODOX CHRISTIAN PRISON MINISTRY

Statement of Assets, Liabilities, and Net Assets - Modified Cash Basis December 31, 2020

ASSETS		
Cash and cash equivalents	\$ 295,340	
TOTAL ASSETS		<u>\$ 295,340</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Credit card payable	\$ 1,554	
Payroll tax liabilities	<u>148</u>	
		\$ 1,702
Net Assets		
Without donor restrictions	218,061	
With donor restrictions	<u>75,577</u>	
		<u>293,638</u>
TOTAL LIABILITIES AND NET ASSETS		<u>\$ 295,340</u>

See Notes to Financial Statements

ORTHODOX CHRISTIAN PRISON MINISTRY

Statement of Revenues, Expenses, and Changes in Net Assets - Modified Cash Basis Year Ended December 31, 2020

	Without Donor Restriction	With Donor Restriction	Total
REVENUES			
Grants and contributions	\$ 394,187		\$ 394,187
Book store income	988		988
Total revenue	395,175	\$ -0-	395,175
Net assets released from restriction	115,927	(115,927)	-0-
	511,102	(115,927)	395,175
EXPENSES			
Program services	174,636		174,636
Management and general	107,350		107,350
Fundraising	101,558		101,558
Total expenses	383,544	-0-	383,544
OTHER INCOME			
Paycheck Protection Program loan forgiveness	32,000		32,000
Changes in net assets	159,558	(115,927)	43,631
Net assets, beginning of year	58,503	191,504	250,007
NET ASSETS, end of year	\$ 218,061	\$ 75,577	\$ 293,638

See Notes to Financial Statements

ORTHODOX CHRISTIAN PRISON MINISTRY

Statement of Functional Expenses - Modified Cash Basis Year Ended December 31, 2020

	<u>Prison Ministry Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and wages	\$ 88,096	\$ 62,150	\$ 43,768	\$ 194,014
Payroll taxes and employee benefits	12,445	10,821	9,155	32,421
	<u>100,541</u>	<u>72,971</u>	<u>52,923</u>	<u>226,435</u>
Office expenses	3,505	6,198	1,740	11,443
Professional fees	1,690	7,934	795	10,419
Travel and meetings	4,356	7,464	2,165	13,985
Insurance	1,415	1,456		2,871
Marketing	943	666	36,428	38,037
Printing and postage	45,129	10,661	7,507	63,297
Ministry supplies and storage	17,057			17,057
	<u>174,636</u>	<u>107,350</u>	<u>101,558</u>	<u>383,544</u>
Total expenses	<u>\$ 174,636</u>	<u>\$ 107,350</u>	<u>\$ 101,558</u>	<u>\$ 383,544</u>

See Notes to Financial Statements

ORTHODOX CHRISTIAN PRISON MINISTRY

Notes to Financial Statements Year Ended December 31, 2020

NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Orthodox Christian Prison Ministry (Organization) is a not for profit entity serving those who are incarcerated and their families. The Organization does so by applying the teachings of the Orthodox faith to correspond with thousands of prisoners and advocating on behalf of prisoners for correctional facilities around the country to recognize the Orthodox faith. The Organization also provides resources and training to local parishes and clergy, enabling them to offer local solutions and fulfill Christ's command to visit Him in prison. The Organization is supported primarily by gifts and contributions.

Basis of Accounting

The financial statements of the Organization have been prepared utilizing the modified cash basis of accounting. Under the modified cash basis, revenues are recognized when received rather than when earned or pledged and expenditures are recognized when paid rather than when the obligation is incurred. The modified cash basis differs from cash basis as a result of the Organization recognizing credit card payables and payroll tax liabilities. Accordingly, the financial statements are not intended to be presented in conformity with accounting principles generally accepted in the United States of America.

Basis of Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets:

Net Assets without Donor Restrictions

Net assets available for use in general operations and not subject to donor-imposed restrictions.

Net Assets with Donor Restrictions

Net assets subject to donor-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.

Cash and Cash Equivalents

The Organization considers all highly liquid debt instruments purchased with maturities of three months or fewer to be cash equivalents. The Organization's cash balances may exceed the insured limits from time to time.

Paycheck Protection Program Loan

On March 27, 2020 the President signed the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act or the Act). Under the Act, the Organization applied for and received a loan under the Paycheck Protection Program. The Organization received \$32,000 on April 23, 2020. The loan bears interest at 1.00%. The Organization has elected to account for the Paycheck Protection Program loan using the government grant model. Under this method of accounting, the Organization has recorded the loan from its bank as PPP Loan Forgiveness income since the Organization believes it has substantially met all the conditions for forgiveness as of December 31, 2020. As such, \$32,000 has been recognized as PPP Loan Forgiveness income. The Organization applied for and received forgiveness on March 31, 2021.

ORTHODOX CHRISTIAN PRISON MINISTRY

Notes to Financial Statements Year Ended December 31, 2020

NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grants and Contributions

Grants and contributions are recognized as revenue when received. Grants and contributions without donor-imposed restrictions and grants and contributions with donor-imposed time or purpose restrictions met in the same period as the gift are reported as revenue without donor restriction. Other restricted gifts are reported as restricted support in net assets with donor restriction.

Functional Expenses

The financial statements report certain categories of expenses attributed to more than one program or supporting function. Expenses identified with a specific program or supporting function are recorded directly according to their natural and functional expense classification. Certain expenses relate to more than one function and require allocation on a reasonable basis consistently applied. The expenses allocated include salaries and wages, payroll taxes and employee benefits, office expenses, professional fees, travel and meetings, insurance, marketing, printing and postage, which are allocated on the basis of estimates of time and effort.

Income Taxes

The Organization is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from Federal income taxes.

The Organization evaluates at each balance sheet date uncertain tax positions taken, if any, to determine the need to record liabilities for taxes, penalties, and interest. The Organization's policy is to record interest and penalties on uncertain tax positions as income tax expense. As of December 31, 2020, the Organization had no accrued taxes, interest, and penalties related to uncertain tax positions. The Organization estimates the unrecognized tax benefit will not change significantly within the next twelve months.

Use of Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent Events

The Organization has evaluated subsequent events through June 14, 2021, the date which the financial statements were available to be issued. For further details on subsequent events, see Note E.

ORTHODOX CHRISTIAN PRISON MINISTRY

Notes to Financial Statements Year Ended December 31, 2020

NOTE B - LIQUIDITY AND AVAILABILITY

The Organization regularly monitors the availability of resources required to meet its operating needs while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing programs and support services to be general expenditures. The table below presents financial assets, without donor or other restrictions limiting their use, available for general expenditures within one year of December 31, 2020:

Cash and cash equivalents	\$	295,340
Less: net assets with donor restriction		<u>75,577</u>
Financial assets available to meet the cash needs for general expenditures within one year	\$	<u>219,763</u>

The Organization manages its liquidity and reserves following two guiding principles: operating within a prudent range of financial soundness and stability and maintaining liquid assets to fund near-term operating needs.

NOTE C - NET ASSETS

Net assets with donor restrictions are restricted for the salary of the executive director in the amount of \$75,577 as of December 31, 2020.

NOTE D - SUBSEQUENT EVENTS

In March 2020, the World Health Organization declared the outbreak of a novel strain of coronavirus (COVID-19) as a pandemic, which continues to spread throughout the United States. The Organization cannot reasonably estimate the length or severity of this pandemic, and the financial impact cannot be reasonably estimated at this time.

In February 2021, the Organization applied for and received a second Paycheck Protection Program loan of \$31,725. The loan is payable over five years with a stated interest rate of 1.00% and has the potential to be forgiven if the Organization meets certain spending criteria during 2021.