

ORTHODOX CHRISTIAN PRISON MINISTRY

AUDITED FINANCIAL STATEMENTS

YEARS ENDED

DECEMBER 31, 2021 AND 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, 2021, 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, 2021, 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.

Report on Summarized Comparative Information

We have previously audited the Organization's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our reported dated June 14, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Barnes Wendling CPAs

Sheffield Village, Ohio
May 16, 2022

ORTHODOX CHRISTIAN PRISON MINISTRY

Statements of Assets, Liabilities, and Net Assets - Modified Cash Basis

	December 31,	
	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and cash equivalents	<u>\$ 542,827</u>	<u>\$ 295,340</u>
TOTAL ASSETS	<u>\$ 542,827</u>	<u>\$ 295,340</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Credit card payable	\$ 2,055	\$ 1,554
Payroll tax liabilities	<u>4,737</u>	<u>148</u>
	6,792	1,702
Net Assets		
Without donor restrictions	520,266	218,061
With donor restrictions	<u>15,769</u>	<u>75,577</u>
	<u>536,035</u>	<u>293,638</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 542,827</u>	<u>\$ 295,340</u>

See Notes to Financial Statements

ORTHODOX CHRISTIAN PRISON MINISTRY

Statements of Revenues, Expenses, and Changes in Net Assets - Modified Cash Basis Year Ended December 31, 2021 with Summarized Financial Information for the Year Ended December 31, 2020

	Year Ended December 31, 2021			2020 Total
	Without Donor Restriction	With Donor Restriction	Total	
REVENUES				
Grants and contributions	\$ 571,550		\$ 571,550	\$ 394,187
Book store income	2,607		2,607	988
Total revenue	574,157	\$ -0-	574,157	395,175
Net assets released from restriction	59,808	(59,808)	-0-	-0-
	633,965	(59,808)	574,157	395,175
EXPENSES				
Program services	211,255		211,255	174,636
Management and general	95,618		95,618	107,350
Fundraising	56,612		56,612	101,558
Total expenses	363,485	-0-	363,485	383,544
OTHER INCOME				
Paycheck Protection Program loan forgiveness	31,725		31,725	32,000
Changes in net assets	302,205	(59,808)	242,397	43,631
Net assets, beginning of year	218,061	75,577	293,638	250,007
NET ASSETS, end of year	\$ 520,266	\$ 15,769	\$ 536,035	\$ 293,638

See Notes to Financial Statements

ORTHODOX CHRISTIAN PRISON MINISTRY

Statements of Functional Expenses - Modified Cash Basis Year Ended December 31, 2021 with Summarized Financial Information for the Year Ended December 31, 2020

	Prison Ministry Program	Management and General	Fundraising	2021 Total	2020 Total
Salaries and wages	\$ 117,763	\$ 52,225	\$ 24,908	\$ 194,896	\$ 194,014
Payroll taxes and employee benefits	11,465	5,253	3,283	20,001	32,421
	129,228	57,478	28,191	214,897	226,435
Office expenses	8,813	9,656	1,864	20,333	11,443
Professional fees	5,548	12,492	116	18,156	10,419
Travel and meetings	1,762	3,595	373	5,730	13,985
Insurance	-0-	2,887	-0-	2,887	2,871
Marketing	241	106	21,583	21,930	38,037
Printing and postage	55,783	9,404	4,485	69,672	63,297
Ministry supplies and storage	9,880	-0-	-0-	9,880	17,057
	\$ 211,255	\$ 95,618	\$ 56,612	\$ 363,485	\$ 383,544
Total expenses	\$ 211,255	\$ 95,618	\$ 56,612	\$ 363,485	\$ 383,544

See Notes to Financial Statements

ORTHODOX CHRISTIAN PRISON MINISTRY

Notes to Financial Statements Years Ended December 31, 2021 and 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

The Organization elected to account for the Paycheck Protection Program (PPP) Loan using the government grant model. Under this method of accounting the Organization records the loan from its bank as PPP Loan forgiveness income when the Organization believes it has substantially met all the conditions for forgiveness.

ORTHODOX CHRISTIAN PRISON MINISTRY

Notes to Financial Statements Years Ended December 31, 2021 and 2020

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

Paycheck Protection Program Loan (Continued)

Under the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act), the Organization applied for and received a PPP loan of \$32,000 in April 2020. The loan bore interest at 1%. The Organization believed it had substantially met all the conditions for forgiveness as of December 31, 2020 and recognized \$32,000 as PPP loan forgiveness income. On March 31, 2021, the Organization received formal forgiveness.

In February 2021, the Organization applied for and received a second PPP loan of \$31,275. The loan bore interest at 1%. The Organization believed it had substantially met all the conditions for forgiveness as of December 31, 2021 and recognized \$31,275 as PPP loan forgiveness income. On September 27, 2021, the Organization received formal forgiveness.

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 exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Organization evaluates at each statement of assets, liabilities, and net assets - modified cash basis 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 provisions as income tax expense. As of December 31, 2021 and 2020, the Organization has no accrued taxes, interest, or penalties related to uncertain tax positions. The Organization has determined there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

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.

ORTHODOX CHRISTIAN PRISON MINISTRY

Notes to Financial Statements Years Ended December 31, 2021 and 2020

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

Subsequent Events

The Organization has evaluated subsequent events through May 16, 2022, the date which the financial statements were available to be issued.

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 or 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,	
	2021	2020
Cash and cash equivalents	\$ 542,827	\$ 295,340
Less: net assets with donor restriction	15,769	75,577
Financial assets available to meet the cash needs for general expenditures within one year	<u>\$ 527,058</u>	<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 \$15,769 and \$75,577 as of December 31, 2021 and 2020, respectively.