

CLI PRISON ALLIANCE, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022
AND
INDEPENDENT AUDITOR'S REPORT

FRANKLIN & FRANKLIN, PA
CERTIFIED PUBLIC ACCOUNTANTS

PHONE: 704-845-1195 ~ FAX: 704-845-1194

CLI PRISON ALLIANCE, INC.
YEARS ENDED DECEMBER 31, 2023 AND 2022

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FRANKLIN & FRANKLIN, PA

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
CLI Prison Alliance, Inc.
Raleigh, NC

Opinion

We have audited the accompanying financial statements of CLI Prison Alliance, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities and cash flows for the years 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 financial position of CLI Prison Alliance, Inc. as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of CLI Prison Alliance, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about CLI Prison Alliance, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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 auditor's 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 CLI Prison Alliance, Inc.'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 CLI Prison Alliance, Inc.'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.



Franklin & Franklin, PA
Matthews, North Carolina

February 27, 2024

CLI PRISON ALLIANCE, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2023 AND 2022

| | December 31, 2023 | December 31, 2022 |
|---|----------------------------|----------------------------|
| ASSETS | | |
| Current Assets: | | |
| Cash and cash equivalents, without donor restrictions | \$ 112,476 | \$ 234,307 |
| Cash and cash equivalents, with donor restrictions | 232,851 | 570,628 |
| Receivables | 18,738 | 17,067 |
| Investments | 517,461 | 437,843 |
| Total Current Assets | <u>881,526</u> | <u>1,259,845</u> |
| Property: | | |
| Equipment | 86,655 | 86,655 |
| Leasehold improvements | 200,379 | 197,237 |
| Accumulated depreciation | (85,281) | (34,385) |
| Net Property | <u>201,753</u> | <u>249,507</u> |
| TOTAL ASSETS | <u>\$ 1,083,279</u> | <u>\$ 1,509,352</u> |
| LIABILITIES AND NET ASSETS | | |
| Current Liabilities | \$ 5,889 | \$ 12,481 |
| Long-Term Liabilities | <u>-</u> | <u>-</u> |
| TOTAL LIABILITIES | 5,889 | 12,481 |
| NET ASSETS | | |
| Net Assets Without Donor Restrictions | 844,539 | 926,243 |
| Net Assets With Donor Restrictions | 232,851 | 570,628 |
| TOTAL NET ASSETS | <u>1,077,390</u> | <u>1,496,871</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 1,083,279</u> | <u>\$ 1,509,352</u> |

CLI PRISON ALLIANCE, INC.

STATEMENTS OF ACTIVITIES YEAR ENDED DECEMBER 31, 2023 AND 2022

| | Year Ended December 31, 2023 | Year Ended December 31, 2022 |
|--|---------------------------------|---------------------------------|
| CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS | | |
| REVENUE AND SUPPORT | | |
| General contributions | \$ 737,452 | \$ 692,942 |
| In kind contributions | 729,400 | 724,200 |
| Fund raising events (net of expenses of \$86,914 and \$63,007) | 285,662 | 235,677 |
| Other income | 82,418 | (60,754) |
| TOTAL REVENUE AND SUPPORT WITHOUT DONOR RESTRICTIONS | 1,834,932 | 1,592,065 |
| Net assets released from restrictions | 479,127 | 421,298 |
| TOTAL REVENUE AND SUPPORT WITHOUT DONOR RESTRICTIONS | 2,314,059 | 2,013,363 |
| OPERATING EXPENSES | | |
| PROGRAM SERVICES | | |
| Compensation and benefits | 425,567 | 337,612 |
| Advertising and promotion | 8,135 | 14,709 |
| Office expenses | 11,702 | 9,446 |
| Occupancy | 327,561 | 304,069 |
| Development | - | 57,802 |
| International expense | 479,089 | 385,922 |
| Books in kind expense | 441,400 | 484,200 |
| Postage and shipping | 61,165 | 88,124 |
| Bible study and ministry expense | 91,357 | 105,706 |
| TOTAL PROGRAM SERVICES | 1,845,976 | 1,787,590 |
| SUPPORT SERVICES | | |
| Compensation and benefits | 156,456 | 165,283 |
| Office expenses | 37,737 | 67,855 |
| Insurance | - | 726 |
| Printing and publications | 39,861 | 5,987 |
| Communication and marketing | - | 44,955 |
| Depreciation | 50,896 | 31,126 |
| Development | - | 27,732 |
| Professional fees | 34,794 | 21,520 |
| Payroll services | 6,867 | 7,404 |
| TOTAL SUPPORT SERVICES | 326,611 | 372,588 |
| FUNDRAISING | | |
| Compensation and benefits | 168,172 | 156,863 |
| Office expenses | 1,060 | 1,207 |
| Development | 44,108 | 1,787 |
| Printing and publications | 9,836 | 1,330 |
| TOTAL FUNDRAISING | 223,176 | 161,187 |
| TOTAL EXPENSES | 2,395,763 | 2,321,365 |
| CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS | (81,704) | (308,002) |
| CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS | | |
| Support | 141,350 | 991,926 |
| Net assets released from restrictions | (479,127) | (421,298) |
| CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS | (337,777) | 570,628 |
| CHANGE IN NET ASSETS | (419,481) | 262,626 |
| NET ASSETS, BEGINNING OF YEAR | 1,496,871 | 1,234,245 |
| NET ASSETS, END OF YEAR | \$ 1,077,390 | \$ 1,496,871 |

CLI PRISON ALLIANCE, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022

| | Year Ended December 31, 2023 | Year Ended December 31, 2022 |
|--|---------------------------------|---------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in net assets | \$ (419,481) | \$ 262,626 |
| Adjustments to reconcile decrease in net assets to net cash used in operating activities | | |
| Depreciation | 50,896 | 31,126 |
| Changes in | | |
| Other current assets | (1,671) | (10,565) |
| Investments | (79,618) | 61,634 |
| Accounts payable | (6,592) | (159) |
| Net cash provided by operations | (456,466) | 344,662 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Disposition of proerty | - | - |
| Purchases of property | (3,142) | (217,671) |
| Net cash provided (used) by investing activities | (3,142) | (217,671) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Issuance of long-term debt | - | - |
| Payment of long-term debt | - | - |
| Net cash provided by financing services | - | - |
| Net increase in cash and cash equivalents | (459,608) | 126,991 |
| Cash and cash equivalents, beginning of period | 804,935 | 677,944 |
| Cash and cash equivalents, end of period | \$ 345,327 | \$ 804,935 |
| Interest paid during the period | \$ - | \$ - |

CLI PRISON ALLIANCE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization

CLI Prison Alliance, Inc. (previously known as Christian Library International, Inc.) (CLI) is a non-profit organization incorporated in North Carolina in 1996. It maintains its office in Raleigh, North Carolina. The mission of CLI is to glorify God by making fervent disciples of prisoners through bible studies and Christian books. Revenue is received from donor contributions. Contributions are received either in the form of cash and equivalents or in-kind contributions which are value at estimated fair market value. CLI has received a ruling from the Internal Revenue Service that it is exempt from taxes under Section 501(c)3 of the Internal Revenue Code.

Basis of Accounting

CLI's policy is to prepare its financial statements on the accrual basis in conformity with generally accepted accounting principles.

Financial Statement Presentation

In accordance with Financial Accounting Standards Board *ASC Topic 958, Financial Statements of Not-for-Profit Entities*, CLI is required to report information regarding its financial position and activities under two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. The accompanying financial statements include the assets, liabilities, net assets and financial activity of all funds.

Under these provisions, net assets and all balances and transactions are presented based on the existence or absence of donor-imposed restrictions. Net assets and changes therein are normally classified and reported as follows:

Without donor restrictions - Net assets not subject to donor-imposed stipulations.

With donor restrictions - Net assets subject to donor-imposed stipulations that will be met either by actions of the Organization and/or the passage of time, or net assets subject to donor-imposed stipulations that will be permanently restricted. At December 31, 2023 net assets with donor restrictions was \$232,851 and at December 31, 2022 net assets with donor restrictions were \$570,628.

Cash and Cash Equivalents

Cash and cash equivalents consist of the general cash account, and savings accounts. CLI's cash and cash equivalents exceeded the Federal Deposit Insurance Corporation limits at December 31, 2023 by \$70,503.

Property and Depreciation

CLI records property at cost for items \$1,000 or more and provides for depreciation, using the straight-line method, over the estimated useful life of the asset. Maintenance and repairs are expensed as paid; major renewals or betterments are capitalized.

CLI PRISON ALLIANCE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

Investments

Investments are managed by Fidelity Investments and consist of Fidelity Treasury Money Market Funds and Equity ETP's, all of which have current maturities and are carried at market value.

Cost Allocation

The cost of providing various programs and activities has been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited on estimates made by the Organization's management.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. Actual results could differ from these estimates.

Shipping Costs

Shipping costs are expensed as incurred and are included in shipping expense

Contributions

Under FASB ASC Topic 958, formerly SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the absence or existence and nature of any donor restrictions. Donated services are provided by volunteers but are not reflected herein inasmuch as the amount of services is indeterminable. Non-professional service labor is not reflected in the financial statement but is \$2,332,538 for the year ended December 31, 2023 and \$847,974 for the year ended December 31, 2022. Such amount is based upon detailed records maintained by the organization using the North Carolina hourly rate of \$31.80 for 73,350 hours \$29.95 for 28,313 hours provided for the years ended December 31, 2023 and 2022 respectively. In addition, international volunteers provided 51,606 hours of service for 2022.

In kind contributions consisted of donated rent of \$288,000 and donated books of \$441,400 for the year ended December 31, 2023 and donated rent of \$240,000, donated books of \$484,200 for the year ended December 31, 2022.

New Accounting Standards

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which supersedes existing guidance for accounting for leases under *Topic 840, Leases*. The FASB also subsequently issued additional ASUs, which amend and clarify Topic 842. Implementation of this pronouncement is effective for years beginning after December 15, 2021. The most significant change in the new leasing guidance is the requirement to recognize right-to-use (ROU) assets and lease liabilities for operating leases on the statement of financial position. The Organization has considered this new pronouncement and has identified that it has no leases subject to this pronouncement.

CLI PRISON ALLIANCE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

Reclassification

In order to conform with the current year presentation, certain amounts for the year ended December 31, 2022 were reclassified. Net assets were not affected by these reclassifications.

2. LEASE

CLI was committed to a lease for its office in the amount of \$2,954 per month with annual increases. The lease expired July 2022. Lease expense was \$-0- for 2023 and \$20,678 for 2022. Additionally, as of February 28, 2022 CLI entered into an unwritten lease understanding with a donor for the use of 18,000 square feet of warehouse space effective beginning January 1, 2022 for five years at no cost. The fair market value of such lease of \$24,000 per month is reflected in herein as a contribution.

3. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

| | December 31, <u>2023</u> | December 31, <u>2022</u> |
|--|-----------------------------|-----------------------------|
| Financial assets, at year end | \$ 881,526 | \$ 1,259,845 |
| Less those unavailable for general expenditures within one year, due to: | | |
| Subject to appropriation and satisfaction of donor restrictions | <u>(232,851)</u> | <u>(570,628)</u> |
| Financial assets available to meet cash needs for general expenditures within one year | <u>\$ 648,675</u> | <u>\$ 689,217</u> |

The Organization has \$648,675 of financial assets available within one year of the statement of financial position date to meet cash needs for general operating expenditures, consisting of cash of \$112,476, investments of \$517,461 and receivables of \$18,738.

4. CONCENTRATION

The Organization received 33% of its contributions from one donor in 2023 and 69% of its contributions from one donor in 2022.

5. SUBSEQUENT EVENTS ANALYSIS

Management has evaluated subsequent events through February 27, 2024, the date on which the financial statements were available to be issued. During this period, no material recognizable subsequent events were identified.