

CLI PRISON ALLIANCE, INC.  
FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021  
AND  
INDEPENDENT AUDITOR'S REPORT

FRANKLIN & FRANKLIN, PA  
CERTIFIED PUBLIC ACCOUNTANTS

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**CLI PRISON ALLIANCE, INC.**  
YEARS ENDED DECEMBER 31, 2022 AND 2021

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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, 2022 and 2021, 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, 2022 and 2021, 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

May 26, 2023

# CLI PRISON ALLIANCE, INC.

## STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2022 AND 2021

	December 31, 2022	December 31, 2021
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents, without donor restrictions	\$ 234,307	\$ 677,944
Cash and cash equivalents, with donor restrictions	570,628	-
Receivables	17,067	6,502
Investments	437,843	499,477
Total Current Assets	<u>1,259,845</u>	<u>1,183,923</u>
Property:		
Equipment	86,655	40,473
Leasehold improvements	197,237	25,748
Accumulated depreciation	(34,385)	(3,259)
Net Property	<u>249,507</u>	<u>62,962</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 1,509,352</u></u>	<u><u>\$ 1,246,885</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities	\$ 12,481	\$ 12,640
Long-Term Liabilities	<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	12,481	12,640
<b>NET ASSETS</b>		
Net Assets Without Donor Restrictions	926,243	1,234,245
Net Assets With Donor Restrictions	570,628	-
<b>TOTAL NET ASSETS</b>	<u>1,496,871</u>	<u>1,234,245</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 1,509,352</u></u>	<u><u>\$ 1,246,885</u></u>

**CLI PRISON ALLIANCE, INC.**  
 STATEMENTS OF ACTIVITIES  
 YEAR ENDED DECEMBER 31, 2022 AND 2021

	Year Ended December 31, 2022	Year Ended December 31, 2021
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
REVENUE AND SUPPORT		
General contributions	\$ 591,732	\$ 593,929
In kind contributions	724,200	878,867
Fund raising events (net of expenses of \$63,007 and \$45,474)	235,677	284,676
Other income	(60,754)	8,519
TOTAL REVENUE AND SUPPORT WITHOUT DONOR RESTRICTIONS	1,490,855	1,765,991
Net assets released from restrictions	522,508	663,234
TOTAL REVENUE AND SUPPORT WITHOUT DONOR RESTRICTIONS	2,013,363	2,429,225
OPERATING EXPENSES		
PROGRAM SERVICES		
Compensation and benefits	337,612	358,849
Advertising and promotion	14,709	14,076
Office expenses	9,446	48,791
Occupancy	304,069	31,998
Development	57,802	54,092
International expense	385,922	181,456
Books in kind expense	484,200	807,796
Postage and shipping	88,124	103,830
Bible study and ministry expense	105,706	124,504
TOTAL PROGRAM SERVICES	1,787,590	1,725,392
SUPPORT SERVICES		
Compensation and benefits	165,283	180,113
Office expenses	67,855	30,230
Insurance	726	1,058
Printing and publications	5,987	5,189
Bank charges	-	761
Communication and marketing	44,955	1,742
Depreciation	31,126	3,259
Development	27,732	7,821
Merchant fees	-	5,785
Professional fees	21,520	85,324
Payroll services	7,404	2,715
TOTAL SUPPORT SERVICES	372,588	323,997
FUNDRAISING		
Compensation and benefits	156,863	172,386
Office expenses	1,207	1,359
Development	1,787	19,469
Printing and publications	1,330	1,153
TOTAL FUNDRAISING	161,187	194,367
TOTAL EXPENSES	2,321,365	2,243,756
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	(308,002)	185,469
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS		
Support	1,093,136	663,234
Net assets released from restrictions	(522,508)	(663,234)
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	570,628	-
CHANGE IN NET ASSETS	262,626	185,469
NET ASSETS, BEGINNING OF YEAR	1,234,245	1,048,776
NET ASSETS, END OF YEAR	\$ 1,496,871	\$ 1,234,245

**CLI PRISON ALLIANCE, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>Year Ended</u> <u>December 31, 2022</u>	<u>Year Ended</u> <u>December 31, 2021</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 262,626	\$ 185,469
Adjustments to reconcile decrease in net assets to net cash used in operating activities		
Depreciation	31,126	3,259
Changes in		
Other current assets	(10,565)	(4,049)
Investments	61,634	(499,377)
Accounts payable	(159)	12,390
Other liabilities	-	-
	<u>344,662</u>	<u>(302,308)</u>
Net cash provided by operations		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Disposition of property	-	-
Purchases of property	(217,671)	(66,221)
	<u>(217,671)</u>	<u>(66,221)</u>
Net cash provided (used) by investing activities		
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Issuance of long-term debt	-	-
Payment of long-term debt	-	-
	<u>-</u>	<u>-</u>
Net cash provided by financing services		
Net increase in cash and cash equivalents	126,991	(368,529)
Cash and cash equivalents, beginning of period	<u>677,944</u>	<u>1,046,473</u>
Cash and cash equivalents, end of period	<u>\$ 804,935</u>	<u>\$ 677,944</u>
Interest paid during the period	<u>\$ -</u>	<u>\$ -</u>

CLI PRISON ALLIANCE, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021

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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, 2022 net assets with donor restrictions was \$570,628 and at December 31, 2021 there were no net assets with donor restrictions.

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, 2022 by \$535,509.

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, 2022 AND 2021

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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 \$847,974 for the year ended December 31, 2022 and \$477,474 for the year ended December 31, 2021. Such amount is based upon detailed records maintained by the organization using the North Carolina hourly rate of \$29.95 for 28,313 hours \$28.54 for 16,730 hours provided for the years ended December 31, 2022 and 2021 respectively. In addition, international volunteers provided 51,606 hours of service.

In kind contributions consisted of donated rent of \$240,000 and donated books of \$484,200 for the year ended December 31, 2022 and donated rent of \$20,000, donated books of \$807,796 and other non-cash donations of \$51,071 for the year ended December 31, 2021.

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, 2022 AND 2021

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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 \$20,678 for 2022 and \$35,897 for 2021. 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>2022</u>	December 31, <u>2021</u>
Financial assets, at year end	\$1,259,845	\$1,183,923
Less those unavailable for general expenditures within one year, due to:		
Subject to appropriation and satisfaction of donor restrictions	<u>( 570,628)</u>	<u>( -0-)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 689,217</u>	<u>\$1,183,923</u>

The Organization has \$689,217 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 \$234,307, investments of \$437,843 and receivables of \$17,067.

4. CONCENTRATION

The Organization received 69% of its contributions from one donor in 2022 and 45% of its contributions from one donor in 2021.

5. SUBSEQUENT EVENTS ANALYSIS

Management has evaluated subsequent events through May 26, 2023, the date on which the financial statements were available to be issued. During this period, no material recognizable subsequent events were identified.