

*Financial Statements and  
Supplementary Information*

**KAIROS PRISON MINISTRY  
INTERNATIONAL, INC.**

**December 31, 2023**

**KAIROS PRISON MINISTRY INTERNATIONAL, INC.**

**Financial Statements and Supplementary Information**

**December 31, 2023**

KAIROS PRISON MINISTRY INTERNATIONAL, INC.

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# SCHAFFER, TSCHOPP, WHITCOMB, MITCHELL & SHERIDAN, LLP

*Certified Public Accountants*

Michael R. Schafer, CPA  
Thomas R. Tschopp, CPA  
Tom V. Whitcomb, CPA

541 S. Orlando Avenue, Suite 312  
Maitland, Florida 32751  
(407) 875-2760

Joseph P. Mitchell, CPA  
Stephen J. Sheridan, CPA  
Daniel M. Hinson, CPA

## **Independent Auditor's Report**

Board of Directors  
Kairos Prison Ministry International, Inc.

### **Opinion**

We have audited the accompanying financial statements of Kairos Prison Ministry International, Inc., which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses and cash flows 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 financial position of Kairos Prison Ministry International, Inc. as of December 31, 2023, 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.

### **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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Kairos Prison Ministry International, Inc. 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.

### **Responsibilities of Management for 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.

## **Responsibilities of Management for Financial Statements - Continued**

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 Kairos Prison Ministry International, 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 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 Kairos Prison Ministry International, 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Kairos Prison Ministry International, Inc.'s ability to continue as a going concern for a reasonable period of time.

## **Auditor's Responsibilities for the Audit of the Financial Statements - Continued**

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.

### **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information in the Supplemental Schedules is presented for the purposes of additional analysis and it is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

*Schaefer, Tschoy, Whitcomb, Mitchell & Shulman, LLP*

June 28, 2024  
Maitland, Florida

KAIROS PRISON MINISTRY INTERNATIONAL, INC.

**Statement of Financial Position**

December 31, 2023

**Assets**

Current assets:

Cash and cash equivalents	\$ 5,487,476
Restricted cash and cash equivalents	478,238
Investments (note 4)	3,074,559
Restricted investments	80,000
Prepaid expenses and other current assets	451,447

Total current assets 9,571,720

Property and equipment, net (note 5) 421,450

Total assets \$ 9,993,170

**Liabilities and Net Assets**

Liabilities:

Accounts payable and accrued expenses	\$ 187,895
Contract liabilities	434

Total liabilities 188,329

Net Assets:

Without donor restrictions	9,246,604
With donor restrictions (note 6)	558,237

Total net assets 9,804,841

Total liabilities and net assets \$ 9,993,170

See accompanying notes to financial statements

KAIROS PRISON MINISTRY INTERNATIONAL, INC.

**Statement of Activities**

Year ended December 31, 2023

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Support and revenue:			
Contributions	\$ 6,272,567	70,674	6,343,241
In kind contribution	78,386	-	78,386
Other revenue	35,548	-	35,548
Net investment income	366,666	-	366,666
Net assets released from restrictions	50,886	(50,886)	-
Total support and revenue	<u>6,804,053</u>	<u>19,788</u>	<u>6,823,841</u>
Expenses:			
Program services:			
Prison ministry	<u>5,275,642</u>	<u>-</u>	<u>5,275,642</u>
Supporting activities:			
Administrative	913,419	-	913,419
Development and fundraising	<u>229,615</u>	<u>-</u>	<u>229,615</u>
Total supporting activities	1,143,034	-	1,143,034
Total expenses	<u>6,418,676</u>	<u>-</u>	<u>6,418,676</u>
Unrealized (gain) loss on investments	<u>(216,687)</u>	<u>-</u>	<u>(216,687)</u>
Total expenses, gains and losses	<u>6,201,989</u>	<u>-</u>	<u>6,201,989</u>
Change in net assets	602,064	19,788	621,852
Net assets at beginning of year, as restated (note 10)	<u>8,644,540</u>	<u>538,449</u>	<u>9,182,989</u>
Net assets at end of year	<u>\$ 9,246,604</u>	<u>558,237</u>	<u>9,804,841</u>

See accompanying notes to financial statements



KAIROS PRISON MINISTRY INTERNATIONAL, INC.

**Statement of Functional Expenses**

Year ended December 31, 2023

	<b>Prison Ministry</b>	<b>Administrative</b>	<b>Development and Fundraising</b>	<b>Total</b>
Personnel expenses:				
Salaries and related expenses	\$ 445,337	486,135	66,645	998,117
Employee benefits	-	-	-	-
Total personnel expenses	<u>445,337</u>	<u>486,135</u>	<u>66,645</u>	<u>998,117</u>
Direct expenses:				
Audit services	-	24,000	-	24,000
Appeals	-	-	14,129	14,129
Investment Advisor Fees	-	22,525	-	22,525
Bank service charges	-	5,135	-	5,135
Board expenses	-	33,844	-	33,844
Communications expense	-	9,123	-	9,123
Recruitment and event	-	-	51,070	51,070
Kairos Torch BG Screening fee	-	-	3,478	3,478
Computer and software	-	71,270	9,135	80,405
Dues and subscriptions	-	6,045	-	6,045
Insurance	-	36,332	-	36,332
Kairos Grants / New Starts	60,965	-	-	60,965
Marketing	13,755	51,667	37,244	102,666
Merchant fees	-	-	13,249	13,249
Meetings	-	65,342	-	65,342
Office expense	-	67,185	-	67,185
Depreciation and amortization	26,222	13,849	-	40,071
Miscellaneous	-	-	-	-
Postage and shipping	-	5,023	34,665	39,688
Professional services	-	2,252	-	2,252
Property taxes	-	906	-	906
License and permits	-	8,053	-	8,053
Annual conference	340,264	-	-	340,264
Training	307,346	359	-	307,705
Volunteer appreciation	-	4,374	-	4,374
Weekend expenses	3,819,505	-	-	3,819,505
Weekend expenses - Post	262,248	-	-	262,248
Total direct expenses	<u>4,830,305</u>	<u>427,284</u>	<u>162,970</u>	<u>5,420,559</u>
Total expenses	<u>\$ 5,275,642</u>	<u>913,419</u>	<u>229,615</u>	<u>6,418,676</u>

See accompanying notes to financial statements

KAIROS PRISON MINISTRY INTERNATIONAL, INC.

**Statement of Cash Flows**

Year ended December 31, 2023

Cash flows from operating activities:	
Change in net assets	\$ 621,852
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	40,071
Unrealized gain on investments	(216,687)
Changes in operating assets and liabilities:	
Prepaid expenses and other current assets	(208,634)
Accounts payable and accrued expenses	89,350
Contact liabilities	359
Net cash provided by operating activities	<u>326,311</u>
Cash flows from investing activities:	
Purchases of property and equipment	(84,068)
Purchase of investments	(108,490)
Sale of investments	-
Net cash used in investing activities	<u>(192,558)</u>
Net change in cash and cash equivalents	133,753
Cash and cash equivalents, beginning of year	<u>5,831,961</u>
Cash and cash equivalents, end of year	<u><u>\$ 5,965,714</u></u>

See accompanying notes to financial statements

KAIROS PRISON MINISTRY INTERNATIONAL, INC.

**Notes to Financial Statements**

December 31, 2023

**(1) Summary of Significant Accounting Policies**

**(a) Nature of Activities**

Kairos Prison Ministry International, Inc. ("KPMI" or the "Ministry") was established in 1979 as a not-for-profit Florida corporation. KPMI is dedicated to building Christian communities within the environment of correctional institutions and is headquartered in Volusia County, Florida.

**(b) Basis of Accounting**

The Ministry's financial statements have been prepared on the accrual basis of accounting which is in accordance with accounting principles generally accepted in the United States of America.

**(c) Financial Statements Presentation**

The Ministry's financial statements are presented in accordance with the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (FASB ASC) 958-605, *Accounting for Contributions Received and Contributions Made*, and FASB ASC 958-205, *Financial Statements of Not-for-Profit Organizations*.

FASB ASC 958-605 requires that unconditional promises to give (pledges) be recorded as contributions at fair value at the date the promises are received or made. FASB ASC 958-605 also requires the Ministry to distinguish between promises received for each net asset category in accordance with donor restrictions, if any.

Under FASB ASC 958-205, net assets and revenue, expenses, gains, and losses are classified as with or without donor restrictions based on the existence or absence, respectively, of donor-imposed restriction. Accordingly, the net assets of the Ministry and changes therein are classified as follows:

Net assets without donor restrictions - Net assets available for the support of the Ministry's operations. The net assets without donor restrictions may be used at the discretion of the Ministry's management and Board of Directors.

Net assets with donor restrictions - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Ministry or the passage of time.

KAIROS PRISON MINISTRY INTERNATIONAL, INC.

**Notes to Financial Statements**

December 31, 2023

**(1) Summary of Significant Accounting Policies - Continued**

**(c) Financial Statements Presentation - Continued**

Net assets subject to donor-imposed stipulations may also be maintained permanently by the Ministry. In those situations, donors permit the Ministry to use all or part of the earnings on related investments for the general or specific purposes.

Revenue is reported as an increase in net assets without donor restrictions unless use of the related assets is limited by donor- imposed or contractual restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets and liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by contract. Expirations of the temporary donor imposed or contractual restrictions on net assets are reported as reclassifications to net assets without donor restrictions in the period in which the restriction expires. A restriction expires when the stipulated time period has elapsed and/or the stipulated purpose has been fulfilled.

**(d) Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**(e) Functional Allocation of Expenses**

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation and amortization, insurance and utilities, which are allocated based on systematic methods and estimates made by management.

KAIROS PRISON MINISTRY INTERNATIONAL, INC.

**Notes to Financial Statements**

December 31, 2023

**(1) Summary of Significant Accounting Policies - Continued**

**(f) Contract Asset and Liability**

Pre-paid expenses that relate to conference and training events are including in the accompanying statement of financial position as contract assets. There were no contract assets at December 31, 2023 and 2022. The contract liabilities consist of deferred conference or training revenue and at December 31, 2023 the balance was \$434.

**(g) Revenue Recognition**

Conference and training fees are recognized in the period the conference or training is held.

**(h) Contributions**

Contributions of assets other than cash are reported at their estimated fair value at the date of the gift. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. An allowance for uncollectible contributions receivable is provided based on management's judgment including such factors as prior collection history, type of contribution and nature of the fundraising activity. Amounts pledged are recorded as contributions of net assets with donor restrictions, if designated by the donors as such, or until donor restrictions are met.

The Ministry reports non-cash contributions as net assets without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Contributions of long-lived assets with explicit restrictions that specify how the assets are to be used and contributions of cash or other assets that must be used to acquire long-lived assets are reported as restricted contributions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Ministry reports expirations of donor restriction when the donated or acquired long-lived assets are placed in service.

**(i) Donated Services**

Donated services are recognized as contributions in accordance with FASB ASC 958-605, *Accounting for Contributions Received and Contributions Made*, if the services: (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise have been purchased. In addition, several businesses

KAIROS PRISON MINISTRY INTERNATIONAL, INC.

**Notes to Financial Statements**

December 31, 2023

**(1) Summary of Significant Accounting Policies - Continued**

**(i) Donated Services - Continued**

have donated materials, facilities and services. Many individuals volunteer significant time to the Ministry. No amounts are reflected in the accompanying financial statements for volunteers, as no objective measure is available to measure the value of such contributed services.

**(j) Cash and Cash Equivalents**

Cash and cash equivalents and restricted cash and cash equivalents include highly liquid investments with an original maturity of three months or less when purchased. Restricted cash and cash equivalents are restricted, by donor-imposed restricted, for the Ministry programs, as designated by the donor.

**(k) Investments**

The Ministry has adopted FASB ASC 958-320, *Investments- Debt and Equity Securities* and carries investments in equity securities with readily determinable fair values and all investments in equity securities with readily determinable fair value and all investments in debt securities at fair market value. Investment income includes dividends and interest and is recognized as revenue in the period in which it is earned. The amounts are reported as an increase in net assets without donor restrictions. Realized and unrealized gains and losses on investments are classified and recorded as increases or decreases in net assets without donor restrictions. Investments are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possibly that changes in values of investments will occur in the near term and that such changes should be materially different from the amounts reported.

**(l) Property and Equipment**

Property and equipment is stated at cost if purchased or, if acquired by contribution, at the estimated fair market value on the date of contribution, less accumulated depreciation. The Ministry provides for depreciation on operating property and equipment over the estimated useful lives of the related assets using the straight-line method. The Ministry follows the practice of capitalizing all expenditures for trailers in excess of \$5,000 and other fixed assets in excess of \$1,500 with an estimated useful life of greater than one year.

KAIROS PRISON MINISTRY INTERNATIONAL, INC.

**Notes to Financial Statements**

December 31, 2023

**(1) Summary of Significant Accounting Policies - Continued**

**(l) Property and Equipment - Continued**

Repairs and maintenance costs are expensed when incurred. Useful lives are summarized in the following table:

	<u>Years</u>
Building	39
Computer and equipment	5
Furniture and equipment	5-7
Land improvement	15

**(m) Impairment of Long-Lived Assets**

The carrying value of property and equipment are reviewed for impairment whenever events or changes in circumstances indicate such value may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. The Ministry believes no impairment of its long-lived assets existed at December 31, 2023 and 2022.

**(n) Fair Value of Financial Instruments**

FASB ASC 825-10, *Accounting Financial instruments*, provides guidance on financial instruments with off-balance sheet credit risk. The fair value of the Ministry's cash and cash equivalents, restricted cash and restricted cash equivalents, contract assets, prepaid expenses and other current assets, accounts payable and accrued expenses and contract liabilities approximates their carrying values due to the short-term maturities of these instruments.

**(o) Income Taxes**

The Ministry is exempt from income taxes under Section 501(c)(3) of the Internal Revenue code and from state income taxes under similar state provisions. Although the Ministry was granted income tax exemption, such exemption does not apply to unrelated business income. At December 31, 2023, no liability for unrelated business income tax existed.

KAIROS PRISON MINISTRY INTERNATIONAL, INC.

**Notes to Financial Statements**

December 31, 2023

**(1) Summary of Significant Accounting Policies - Continued**

**(o) Income Taxes - Continued**

The Ministry has adopted the application of uncertain tax position provisions of FASB ASC 740, *Income Taxes*. It prescribes an evaluation process for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. It also provides guidance on de-recognition, classification, interest and penalties, disclosure and transition. The provisions had no impact on the Ministry's financial statements.

The Internal Revenue Service has issued an exemption letter to KPMI. The exemption states that KPMI is exempt from filing a federal Form 990. Accordingly, no federal (or state) income tax returns are required to be filed.

**(p) Advertising**

Advertising is expensed as incurred and amounted to approximately \$2,895 for the year ended December 31, 2023.

**(q) New Accounting Pronouncements**

FASB and other entities issued new or modifications to, or interpretations of, existing accounting guidance during the year ended December 31, 2023. The Ministry has considered the new pronouncements that altered accounting principles generally accepted in the United States of America, and other than as disclosed in these notes to the financial statements, does not believe that any new or modified principles will have a material impact on the Ministry's reported financial position or operations in the near term.

**(r) Risk and Uncertainties**

The Ministry is continually evaluating various risks, including changes in the economy, supply chain disruptions, labor shortages, and the COVID-19 global pandemic, and has concluded that while it is reasonably possible that the Ministry could experience a negative financial effect, no specific impact is readily determinable as of the date of the financial statements nor as of the date they were available to be issued. The financial statements do not include any adjustment that might result from the outcome of any uncertainty.



KAIROS PRISON MINISTRY INTERNATIONAL, INC.

**Notes to Financial Statements**

December 31, 2023

**(1) Summary of Significant Accounting Policies - Continued**

**(s) Subsequent Events**

The Ministry has evaluated subsequent events through the date of the independent auditor's report, the date which the accompanying financial statements were available to be issued. Based on such evaluation, no events have occurred that in the opinion of management warrant disclosure in or adjustment to the financial statements.

**(2) Liquidity and Availability of Financial Resources**

As of December 31, 2023, the following reflects the Ministry's financial assets, reduced by amounts not available for general use because of contractual or donor-imposed restrictions, board designations and amounts set aside for operating reserves with one year of December 31, 2023:

Cash and cash equivalents	\$ 5,487,476
Restricted cash and cash equivalents	478,238
Investments	3,074,559
Restricted investments	<u>80,000</u>
	9,120,273
Less: donor endowment	(80,000)
Less: donor restricted net assets	<u>(478,238)</u>
	<u>\$ 8,562,035</u>

As part of the Ministry's liquidity management, the Ministry's policy is to make financial assets available as expenses and other liabilities become due. The Ministry keeps assets invested in the related investment strategy until expenses or other liabilities become due. The Ministry uses checking and savings accounts to manage its daily cash needs.

**(3) Fair Value Measurement**

FASB ASC 820, *Fair Value Measurements and Disclosures*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Market price observability is impacted by a number of factors, including the type of asset or liability and the characteristics specific to the asset or liability. Assets and liabilities with readily available active quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value.

KAIROS PRISON MINISTRY INTERNATIONAL, INC.

**Notes to Financial Statements**

December 31, 2023

**(3) Fair Value Measurement - Continued**

Assets and liabilities measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. The type of assets and liabilities included in Level 1 includes listed equities, listed debt instruments, and listed derivatives.

Level 2 - Inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly or indirectly; and fair value is determined through the use of models and other valuation methodologies. Investments which are generally included in this category include corporate bonds and loans, less liquid and restricted equity securities and certain over-the-counter derivatives. A significant adjustment to a Level 2 input could result in the Level 2 measurement becoming a Level 3 measurement.

Level 3 - Inputs are unobservable for the asset or liability and include situations where there is little, if any market for the asset or liability. The inputs into the determination of fair value are based upon the best information in the circumstances and may require significant management judgment or estimation. Assets and liabilities that are included in this category generally include equity and debt positions in privately held entities.

In certain cases, the inputs used to measure fair value may fall into different levels of fair value hierarchy. In such cases, an asset or liability's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Ministry's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

For all investments, certificate of deposits with maturities greater than three months, the corporate fixed income and the government securities, the Ministry used significant other observable inputs, particularly dealer market prices for comparable investments as of the valuation date (Level 2).

KAIROS PRISON MINISTRY INTERNATIONAL, INC.

Notes to Financial Statements

December 31, 2023

(4) **Investments**

A summary of investments, by investment type, at December 31, 2023 are presented as follows:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Uninvested cash	\$ 128,778	3,351	132,129
Exchange traded funds:			
Short term-bonds	162,388	4,225	166,613
Large blend	387,955	10,095	398,050
Bond funds	1,245,803	32,416	1,278,219
Equity funds:			
Large value	370,873	9,650	380,523
Foreign large growth	114,136	2,970	117,106
Real estate	111,579	2,903	114,482
Diversified emerging markets	100,236	2,608	102,844
Foreign small/mid blend	107,663	2,801	110,464
Small value	112,043	2,915	114,958
International	153,108	3,984	157,092
Small growth	79,997	2,082	82,079
	<u>\$ 3,074,559</u>	<u>80,000</u>	<u>3,154,559</u>

The following schedule summarizes the net investment income on investments for the year ended December 31, 2023:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Trading securities:			
Dividends, interest and realized gains (losses)	\$ 357,368	9,298	366,666
Unrealized gain (loss), net	211,192	5,495	216,687
Investment income (loss)	568,560	14,793	583,353
Less: investment expenses	(21,954)	(571)	(22,525)
Net investment income (loss)	<u>\$ 549,606</u>	<u>14,222</u>	<u>560,828</u>

KAIROS PRISON MINISTRY INTERNATIONAL, INC.

**Notes to Financial Statements**

December 31, 2023

**(5) Property and Equipment**

The following is a summary of property and equipment as of December 31, 2023:

Land	\$ 92,348
Building	356,052
Land improvements	19,595
Computer equipment	31,111
Furniture and equipment	<u>262,213</u>
Total property and equipment	761,319
Less: accumulated depreciation	<u>(339,869)</u>
Property and equipment, net	<u>\$ 421,450</u>

Depreciation expense totaled \$40,071 for the year ended December 31, 2023.

**(6) Net Assets With Donor Restrictions**

Net assets with donor restrictions are restricted for the following purposes at December 31, 2023:

	<b>International Office</b>	<b>State Affiliate</b>	<b>Total</b>
Subject to expenditure for specific purpose:			
Prison ministry:			
KPMI international programs	\$ 14,449	-	14,449
Texas, Stiles	265,655	-	265,655
General	153,608	-	153,608
Florida, women's programs	12,276	-	12,276
Georgia, Kairos Torch	8,250	-	8,250
Washington, Norma McCrae estate	10,259	-	10,259
Wisconsin, new starts	9,309	-	9,309
Trailers (TX)	-	4,431	4,431
Not subject to appropriation or expenditure:	473,806	4,431	478,237
Donor endowment	80,000	-	80,000
	<b>\$ 553,806</b>	<b>4,431</b>	<b>558,237</b>

Net assets are released from donor restrictions by incurring costs or expenses satisfying the restricted purposes or by the occurrence of events as specified by the donors. Net assets were released from restrictions during the year ended December 31, 2023 for the following purposes:

KAIROS PRISON MINISTRY INTERNATIONAL, INC.

**Notes to Financial Statements**

December 31, 2023

**(6) Net Assets With Donor Restrictions - Continued**

	<b>International Office</b>	<b>State Affiliate</b>	<b>Total</b>
Purpose restrictions accomplished:			
Prison ministry:			
KPMI international programs	\$ 1,221	-	1,221
General	45,475	-	45,475
Trailers (TX)	-	4,190	4,190
	\$ 46,696	4,190	50,886

**(7) Net Assets With Donor Restrictions**

The Ministry's has an endowment of \$80,000 that was contributed in November 2010 with the donor-restricted designation that only the interest income be used for operating expenses and the corpus of the fund to remain intact. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Ministry's disclosure of its interpretation of the law or laws that underlie the Ministry's net asset classification of donor-restricted endowment funds as follows:

Interpretation of Relevant Law

The Ministry is subject to the State Prudent Management of Institutional Funds Act (SPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions. Most of those net assets also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The Board of Trustees of the Ministry has interpreted SPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Ministry considers a fund to be underwater if the fair value of the fund is less than the sum of the original value of initial and subsequent gift amounts donated to the fund and any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Ministry has interpreted SPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with SPMIFA, the Ministry considers the following factors in making a determination to appropriate or accumulate donor- restricted endowment funds:

KAIROS PRISON MINISTRY INTERNATIONAL, INC.

Notes to Financial Statements

December 31, 2023

(7) Net Assets With Donor Restrictions - Continued

1. The duration and preservation of the fund;
2. The purposes of the organization and the donor-restricted endowment fund;
3. General economic conditions;
4. The possible effect of inflation and deflation;
5. The expected total return from income and the appreciation of investments;
6. Other resources of the organization;
7. The investment policies of the Ministry.

The Ministry's disclosure of its endowment net asset composition by type of fund as of December 31, 2023 follows:

Net Assets With Donor Restrictions

Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor:

\$80,000

The Ministry's disclosure of a reconciliation of the beginning and ending balances of the endowment, in total and by net assets classes, for the fiscal year ended December 31, 2023 follow:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	80,000	80,000
Investment return, net	-	(14,222)	(14,222)
Net assets released from restriction	-	14,222	14,222
Endowment net assets, end of year	<u>\$ -</u>	<u>80,000</u>	<u>80,000</u>

Return Objectives and Risk Parameters

The Ministry has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor- specified period as well as board-designated funds.

KAIROS PRISON MINISTRY INTERNATIONAL, INC.

**Notes to Financial Statements**

December 31, 2023

**(7) Net Assets With Donor Restrictions - Continued**

Return Objectives and Risk Parameters - Continued

Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk. The Ministry expects its endowment funds, over time, to provide an average rate of return of approximately 8 percent annually. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Ministry relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Ministry targets a diversified asset allocation that places a greater emphasis on equity-based and bond-based investments to achieve its long-term return objectives within prudent risk constraints.

**(8) Retirement Plan**

The Ministry established a 401(k) profit sharing plan (the Plan) covering certain qualified employees in accordance with the provisions of Section 401(k) of the Internal Revenue Code. Under the Plan, employees may elect to defer a portion of their salary, subject to Internal Revenue Service limits. The Plan requires the Ministry to match up to 50% for those employees who defer up to 6% of their salaries. The Ministry's contributions totaled \$12,452 for the year ended December 31, 2023.

**(9) Commitments and Contingencies**

Concentration of Credit Risk

Financial instruments that potentially subject the Ministry to concentrations of credit risk consist principally of deposits in banks. The Ministry maintains its cash balances in various financial institutions. The balances of these accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. At times, such balances may be in excess of the FDIC limit. At December 31, 2023, the Ministry had approximately \$2,091,000 in uninsured cash. The risk is managed by maintaining all deposits in high quality institutions.

KAIROS PRISON MINISTRY INTERNATIONAL, INC.

**Notes to Financial Statements**

December 31, 2023

**(9) Commitments and Contingencies - Continued**

Contractual Commitments

The Ministry has reserved convention and hotel accommodations for future annual conference with minimum cancellation fees of approximately \$129,000.

Litigation

From time to time, the Ministry is subject to legal proceedings which arise in the ordinary course of business. Although there can be no assurance as to the ultimate disposition of these matters, management of the Ministry believes that the final disposition of such matters will not have a material adverse effect on the financial position or results of operations of the Ministry.

**(10) Prior Period Adjustment**

During the year ended December 31, 2023 it was discovered that inter-ministry receivables and payables were not properly eliminated as of December 31, 2022. The result was an understatement of net assets in the amount of \$224,000. The correction is reported as follows:

Net assets as of December 31, 2022, as originally reported	\$ 8,958,989
Correction of error	<u>224,000</u>
Net assets as of December 31, 2022, as restated	<u>\$ 9,182,989</u>



## SUPPLEMENTAL SCHEDULES

KAIROS PRISON MINISTRY INTERNATIONAL, INC.

**Supplemental Schedule - Statement of Financial Position**

December 31, 2023

	<u>International Office</u>	<u>State Affiliates</u>	<u>Eliminations</u>	<u>Total</u>
<b><u>Assets</u></b>				
Current assets:				
Cash and cash equivalents	\$ 463,164	5,024,312	-	5,487,476
Restricted cash and cash equivalents	473,806	4,432	-	478,238
Investments	2,315,754	758,805	-	3,074,559
Restricted investments	80,000	-	-	80,000
Due from (to) affiliates	183,358	-	(183,358)	-
Prepaid expenses and other current assets	334,695	116,752	-	451,447
Total current assets	3,850,777	5,904,301	(183,358)	9,571,720
Property and equipment, net	385,511	35,939	-	421,450
Total assets	<u>\$ 4,236,288</u>	<u>5,940,240</u>	<u>(183,358)</u>	<u>9,993,170</u>
<b><u>Liabilities and Net Assets</u></b>				
Liabilities:				
Accounts payable and accrued expenses	\$ 184,003	187,250	(183,358)	187,895
Contract liabilities	434	-	-	434
Total liabilities	184,437	187,250	(183,358)	188,329
Net Assets:				
Without donor restrictions	3,498,045	5,748,559	-	9,246,604
With donor restrictions	553,806	4,431	-	558,237
Total net assets	4,051,851	5,752,990	-	9,804,841
Total liabilities and net assets	<u>\$ 4,236,288</u>	<u>5,940,240</u>	<u>(183,358)</u>	<u>9,993,170</u>

See accompanying notes to financial statements

KAIROS PRISON MINISTRY INTERNATIONAL, INC.

**Statement of Activities**

Year ended December 31, 2023

	International Office			State Affiliates		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:						
Contributions	\$ 336,306	70,674	406,980	6,050,195	-	6,050,195
Net investment and other income	366,666	-	366,666	-	-	-
Net assets released from restrictions	46,696	(46,696)	-	4,190	(4,190)	-
Total support and revenue	749,668	23,978	773,646	6,054,385	(4,190)	6,050,195
Interministry payments received:						
Affiliation fees	926,585	-	926,585	454,587	-	454,587
Blessings	56,000	-	56,000	268,356	-	268,356
Materials	356,526	-	356,526	52,066	-	52,066
Training fees	455,405	-	455,405	227,589	-	227,589
Total interministry payments received	1,794,516	-	1,794,516	1,002,598	-	1,002,598
Interministry payments made:						
Affiliation fees	-	-	-	1,381,172	-	1,381,172
Blessings	12,500	-	12,500	311,856	-	311,856
Materials	52,067	-	52,067	356,525	-	356,525
Training fees	168,866	-	168,866	514,128	-	514,128
Total interministry payments made	233,433	-	233,433	2,563,681	-	2,563,681
Total interministry	1,561,083	-	1,561,083	(1,561,083)	-	(1,561,083)
Expenses:						
Program services:						
Prison ministry	1,073,634	-	1,073,634	4,202,008	-	4,202,008
Supporting activities:						
Administrative	800,133	-	800,133	113,286	-	113,286
Development and fundraising	97,625	-	97,625	131,990	-	131,990
Total supporting activities	897,758	-	897,758	245,276	-	245,276
Total expenses	1,971,392	-	1,971,392	4,447,284	-	4,447,284
Unrealized (gain) loss on investments	(183,088)	-	(183,088)	(33,599)	-	(33,599)
Total expenses, gains and losses	1,788,304	-	1,788,304	4,413,685	-	4,413,685
Change in net assets	522,447	23,978	546,425	79,617	(4,190)	75,427
Net assets at beginning of year	2,975,598	529,828	3,505,426	5,668,942	8,621	5,677,563
Net assets at end of year	\$ 3,498,045	553,806	4,051,851	5,748,559	4,431	5,752,990

See accompanying notes to financial statements

KAIROS PRISON MINISTRY INTERNATIONAL, INC.

**Statement of Activities**

Year ended December 31, 2023

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Eliminations</b>	<b>Total</b>
Support and revenue:				
Contributions	\$ 6,386,501	70,674	-	6,457,175
Net investment and other income	366,666	-	-	366,666
Net assets released from restrictions	50,886	(50,886)	-	-
Total support and revenue	<u>6,804,053</u>	<u>19,788</u>	<u>-</u>	<u>6,823,841</u>
Interministry payments received:				
Affiliation fees	1,381,172	-	(1,381,172)	-
Blessings	324,356	-	(324,356)	-
Materials	408,592	-	(408,592)	-
Training fees	682,994	-	(682,994)	-
Total interministry payments received	<u>2,797,114</u>	<u>-</u>	<u>(2,797,114)</u>	<u>-</u>
Interministry payments made:				
Affiliation fees	1,381,172	-	(1,381,172)	-
Blessings	324,356	-	(324,356)	-
Materials	408,592	-	(408,592)	-
Training fees	682,994	-	(682,994)	-
Total interministry payments made	<u>2,797,114</u>	<u>-</u>	<u>(2,797,114)</u>	<u>-</u>
Total interministry	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenses:				
Program services:				
Prison ministry	5,275,642	-	-	5,275,642
Supporting activities:				
Administrative	913,419	-	-	913,419
Development and fundraising	229,615	-	-	229,615
Total supporting activities	1,143,034	-	-	1,143,034
Total expenses	<u>6,418,676</u>	<u>-</u>	<u>-</u>	<u>6,418,676</u>
Unrealized (gain) loss on investments	(216,687)	-	-	(216,687)
Total expenses, gains and losses	<u>6,201,989</u>	<u>-</u>	<u>-</u>	<u>6,201,989</u>
Change in net assets	602,064	19,788	-	621,852
Net assets at beginning of year	8,644,540	538,449	-	9,182,989
Net assets at end of year	<u>\$ 9,246,604</u>	<u>558,237</u>	<u>-</u>	<u>9,804,841</u>

See accompanying notes to financial statements