

GOOD NEWS JAIL AND PRISON MINISTRY

Henrico, Virginia

FINANCIAL REPORT

June 30, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Good News Jail and Prison Ministry
Henrico, Virginia

Opinion

We have audited the financial statements of Good News Jail and Prison Ministry (the "Ministry"), which comprise the statements of financial position as of June 30, 2023 and 2022, the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Ministry as of June 30, 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 (GAAS). 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 the Ministry 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 these 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 the Ministry's ability to continue as a going concern within one year after the date that the financial statements are issued or 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 GAAS 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 GAAS, 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 the 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 the 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.

Yount, Hyde & Barbour, P.C.

Richmond, Virginia
October 26, 2023

GOOD NEWS JAIL AND PRISON MINISTRY

Statements of Financial Position

June 30, 2023 and 2022

Assets	2023	2022
Current Assets		
Cash and cash equivalents	\$ 1,594,715	\$ 1,699,352
Accounts receivable	165,442	110,150
Donated rent receivable	46,401	--
Inventory	37,570	37,570
Other current assets	<u>13,192</u>	<u>11,770</u>
Total current assets	<u>1,857,320</u>	<u>1,858,842</u>
Property and Equipment, net	<u>6,838</u>	<u>9,500</u>
Right of Use Assets - Operating	<u>33,019</u>	<u>--</u>
Investments		
Investment, endowment	679,868	354,866
Investment, other	8,341	88,047
Investment in land	<u>--</u>	<u>3,397</u>
Total investments	<u>688,209</u>	<u>446,310</u>
Total assets	<u><u>\$ 2,585,386</u></u>	<u><u>\$ 2,314,652</u></u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 30,835	\$ 26,702
Accrued liabilities	183,453	158,682
Deferred revenue	138,771	66,566
Current portion of lease liabilities - operating	<u>22,538</u>	<u>--</u>
Total current liabilities	<u>375,597</u>	<u>251,950</u>
Lease Liabilities - Operating, less current portion	<u>9,328</u>	<u>--</u>
Total liabilities	<u>384,925</u>	<u>251,950</u>
Net Assets		
Without donor restrictions:		
Undesignated	1,391,809	1,596,547
Board-designated endowment fund	<u>605,437</u>	<u>299,691</u>
Total net assets without donor restrictions	1,997,246	1,896,238
With donor restrictions	<u>203,215</u>	<u>166,464</u>
Total net assets	<u>2,200,461</u>	<u>2,062,702</u>
Total liabilities and net assets	<u><u>\$ 2,585,386</u></u>	<u><u>\$ 2,314,652</u></u>

See Notes to Financial Statements.

GOOD NEWS JAIL AND PRISON MINISTRY

Statement of Activities

For the Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support			
Contributions and support	\$ 7,640,771	\$ 19,374	\$ 7,660,145
Program revenue	939,477	--	939,477
In-kind contributions	55,820	50,620	106,440
Investment income, net	108,198	17,886	126,084
Other revenue	10,169	--	10,169
	8,754,435	87,880	8,842,315
Net assets released from restrictions	51,129	(51,129)	--
Total revenues, gains and other support	8,805,564	36,751	8,842,315
Operating Expenses			
Program services	7,300,791	--	7,300,791
Management and general	813,320	--	813,320
Fundraising	590,445	--	590,445
Total operating expenses	8,704,556	--	8,704,556
Change in net assets	101,008	36,751	137,759
Net assets, beginning of year	1,896,238	166,464	2,062,702
Net assets, end of year	\$ 1,997,246	\$ 203,215	\$ 2,200,461

See Notes to Financial Statements.

GOOD NEWS JAIL AND PRISON MINISTRY

Statement of Activities

For the Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains (Losses) and Other Support			
Contributions and support	\$ 7,315,031	\$ 119,280	\$ 7,434,311
Program revenue	977,868	--	977,868
In-kind contributions	66,846	--	66,846
Investment income, net	(21,398)	--	(21,398)
Government grant - Paycheck Protection Program	8,229	--	8,229
	8,346,576	119,280	8,465,856
Net assets released from restrictions	29,781	(29,781)	--
Total revenues, gains (losses) and other support	8,376,357	89,499	8,465,856
Operating Expenses			
Program services	7,006,559	--	7,006,559
Management and general	823,182	--	823,182
Fundraising	539,370	--	539,370
Total operating expenses	8,369,111	--	8,369,111
Change in net assets	7,246	89,499	96,745
Net assets, beginning of year	1,888,992	76,965	1,965,957
Net assets, end of year	\$ 1,896,238	\$ 166,464	\$ 2,062,702

See Notes to Financial Statements.

GOOD NEWS JAIL AND PRISON MINISTRY

Statement of Functional Expenses

For the Year Ended June 30, 2023

	<u>Program Services</u>	<u>Supporting Services</u>		<u>Total</u>
		<u>Management and General</u>	<u>Fundraising</u>	
Advertising	\$ --	\$ 5,893	\$ 3,929	\$ 9,822
Bank fees	--	6,297	--	6,297
Communications	--	72,801	45,526	118,327
Depreciation	--	2,662	--	2,662
Employee benefits	1,178,388	79,442	66,202	1,324,032
Insurance	29,555	14,423	1,352	45,330
International	638,459	--	--	638,459
Memberships	--	9,169	--	9,169
Ministerial	307,929	3,957	171,546	483,432
Miscellaneous	--	1,727	--	1,727
Occupancy	--	10,361	--	10,361
Office supplies	44,496	40,098	880	85,474
Payroll taxes	37,472	2,526	2,105	42,103
Postage and shipping	46,306	10,686	14,248	71,240
Printing	10,956	2,374	3,166	16,496
Professional services	54,732	127,707	--	182,439
Rent	--	89,427	--	89,427
Salaries	4,812,845	324,461	270,385	5,407,691
Training	4,675	--	246	4,921
Travel	134,978	9,309	10,860	155,147
	<u>\$ 7,300,791</u>	<u>\$ 813,320</u>	<u>\$ 590,445</u>	<u>\$ 8,704,556</u>

See Notes to Financial Statements.

GOOD NEWS JAIL AND PRISON MINISTRY

Statement of Functional Expenses

For the Year Ended June 30, 2022

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Advertising	\$ --	\$ 11,965	\$ 7,976	\$ 19,941
Bank fees	--	6,459	--	6,459
Communications	--	77,035	49,126	126,161
Depreciation	--	1,882	--	1,882
Employee benefits	1,234,001	83,191	69,326	1,386,518
Insurance	35,138	20,166	1,533	56,837
International	490,422	--	--	490,422
Memberships	--	10,169	--	10,169
Ministerial	209,292	8,124	116,011	333,427
Miscellaneous	--	2,436	--	2,436
Occupancy	--	1,849	--	1,849
Office supplies	48,824	42,767	1,211	92,802
Payroll taxes	35,673	2,405	2,004	40,082
Postage and shipping	43,789	10,105	13,473	67,367
Printing	13,469	3,108	4,144	20,721
Professional services	52,766	123,121	--	175,887
Rent	--	97,408	--	97,408
Salaries	4,644,405	313,106	260,922	5,218,433
Travel	114,346	7,886	9,200	131,432
Training	84,434	--	4,444	88,878
	<u>\$ 7,006,559</u>	<u>\$ 823,182</u>	<u>\$ 539,370</u>	<u>\$ 8,369,111</u>

See Notes to Financial Statements.

GOOD NEWS JAIL AND PRISON MINISTRY

Statements of Cash Flows

For the Years Ended June 30, 2023 and 2022

	2023	2022
Cash Flows from Operating Activities		
Change in net assets	\$ 137,759	\$ 96,745
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	2,662	1,882
Loss on disposal of land	3,397	--
Investment (gain) loss	(126,084)	21,398
Donated rent receivable	(46,401)	--
Amortization of right of use asset - operating leases	22,224	--
Net changes in assets and liabilities:		
(Increase) in accounts receivable	(55,292)	(20,136)
(Increase) in other current assets	(1,422)	--
Increase (decrease) in accounts payable	4,133	(12,918)
Increase (decrease) in accrued liabilities	24,771	(86,842)
Increase (decrease) in deferred revenue	72,205	(9,617)
(Decrease) in lease liabilities - operating	(23,377)	--
Net cash provided by (used in) operating activities	14,575	(9,488)
 Cash Flows from Investing Activities		
Purchase of investment securities	(119,212)	(114,441)
Purchase of property and equipment	--	(8,094)
Net cash (used in) investing activities	(119,212)	(122,535)
 Net (decrease) in cash	(104,637)	(132,023)
 Cash		
Beginning of year	1,699,352	1,831,375
End of year	\$ 1,594,715	\$ 1,699,352
 Noncash Investing Activities		
Right-of-use assets recognized upon adoption of ASC 842, <i>Leases</i>	\$ 52,912	\$ --
Right-of-use assets recognized after adoption of ASC 842, <i>Leases</i>	\$ 2,330	\$ --

See Notes to Financial Statements.