

PRISON FELLOWSHIP INTERNATIONAL
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEARS ENDED DECEMBER 31, 2013 AND 2012

Prison Fellowship International

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Independent Auditor's Report

To the Board of Directors of
Prison Fellowship International
Lansdowne, Virginia

We have audited the accompanying financial statements of **Prison Fellowship International** (a nonprofit organization), which comprise the Statements of Financial Position as of December 31, 2013 and 2012, and the related Statements of Activities and Changes in Net Assets and Cash Flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility 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; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

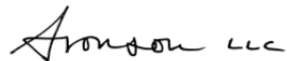
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditor's Report (continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Prison Fellowship International** as of December 31, 2013 and 2012, 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.



Rockville, Maryland
April 25, 2014

Prison Fellowship International

Statements of Financial Position

<i>December 31,</i>	2013	2012
Assets		
Current assets		
Cash and cash equivalents	\$ 1,264,631	\$ 1,633,022
Investments	915,650	806,354
Certificates of deposit	2,930,956	1,697,000
Contributions receivable	35,000	-
Accounts receivable, net	24,461	10,765
Inventory	15,686	16,037
Prepaid expenses	262,324	91,573
Total current assets	5,448,708	4,254,751
Other assets		
Certificates of deposit, net of current	447,127	1,841,126
Certificates of deposit held for long term use	90,000	90,000
Contributions receivable, net of current and discount	61,578	-
Equipment and furniture, net	84,913	30,732
Total other assets	683,618	1,961,858
Total assets	\$ 6,132,326	\$ 6,216,609
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	\$ 360,508	\$ 261,630
Net assets		
Unrestricted	3,512,089	2,146,658
Unrestricted - board designated	-	1,351,260
Total unrestricted net assets	3,512,089	3,497,918
Temporarily restricted	2,169,729	2,367,061
Permanently restricted	90,000	90,000
Total net assets	\$ 5,771,818	\$ 5,954,979
Total liabilities and net assets	\$ 6,132,326	\$ 6,216,609

The accompanying Notes to Financial Statements are an integral part of these financial statements.

Prison Fellowship International

Statements of Activities and Changes in Net Assets

<i>Years Ended December 31,</i>	2013	2012
Unrestricted net assets		
Support and revenue		
Charter membership fees	\$ 297,707	\$ 2,688,945
Ministry agreement revenue	3,386,077	-
Contributions	173,626	770,203
Contributed rent and other	139,766	159,850
Meeting revenue	1,177	2,750
Investment income	189,367	126,871
Other income	1,991	43,003
Foreign currency gain	-	4,376
Net assets released from restrictions	715,807	581,422
Total support and revenue	4,905,518	4,377,420
Expenses		
Programme services:		
Ministry services and development	3,653,775	3,125,647
Supporting services:		
General and administrative	711,423	712,209
Fundraising	526,149	273,499
Total expenses	4,891,347	4,111,355
Change in unrestricted net assets	14,171	266,065
Temporarily restricted net assets		
Support for special projects	502,250	320,529
Contributed equipment, medical supplies and software	15,421	39,263
Investment income	804	815
Net assets released from restriction	(715,807)	(581,422)
Change in temporarily restricted net assets	(197,332)	(220,815)
Change in net assets	(183,161)	45,250
Net assets, beginning of year	5,954,979	5,909,729
Net assets, end of year	\$ 5,771,818	\$ 5,954,979

The accompanying Notes to Financial Statements are an integral part of these financial statements.

Prison Fellowship International

Statements of Cash Flows

<i>Years Ended December 31,</i>	2013	2012
Cash flows from operating activities		
Change in net assets	\$ (183,161)	\$ 45,250
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation and amortization	30,204	111,012
Net realized and unrealized gain on investments	(96,926)	(78,409)
Bad debt expense	-	8,020
(Increase) decrease in:		
Contributions receivable	(96,578)	157,000
Accounts receivable	(13,696)	25,534
Inventory	351	(10,674)
Prepaid expenses	(170,751)	(72,893)
Deposits	-	550
Increase (decrease) in:		
Accounts payable and accrued expenses	98,878	7,868
Net cash provided (used) by operating activities	(431,679)	193,258
Cash flows from investing activities		
Proceeds from maturities of certificates of deposit	1,439,000	1,395,985
Purchase of certificates of deposit	(1,285,121)	(1,495,001)
Purchase of investments	(6,206)	(13,715)
Purchase of equipment and furniture	(84,385)	(3,673)
Net cash provided (used) by investing activities	63,288	(116,404)
Net change in cash and cash equivalents	(368,391)	76,854
Cash and cash equivalents, beginning of year	1,633,022	1,556,168
Cash and cash equivalents, end of year	\$ 1,264,631	\$ 1,633,022

The accompanying Notes to Financial Statements are an integral part of these financial statements.

Prison Fellowship International

Notes to Financial Statements

1. Organization and significant accounting policies

Prison Fellowship International (the “Organization” or “PFI”) is a not-for-profit organization founded on August 8, 1979, in the District of Columbia as an association of independent national prison ministries. Its purpose is to provide services to member ministries and to assist in the development of chartered prison fellowship ministries in other countries. It works to foster mutual support and assistance and promotes the interchange of successful ministry methods among national ministries.

Basis of accounting: The accounts of the Organization are maintained on the accrual basis of accounting where support is recognized when earned, and costs and expenses are recognized when incurred.

Basis of presentation: Net assets and revenues are classified based on the existence or absence of donor-imposed restrictions and reported as follows:

Unrestricted net assets - net assets that are not subject to donor-imposed stipulations. Includes undesignated net assets available for general operations and unrestricted net assets designated by the Board of Directors for certain current and future ministry projects and activities.

Temporarily restricted net assets - net assets subject to donor-imposed stipulations that will be met either by actions of the Organization and/or the passage of time.

Permanently restricted net assets - net assets subject to donor-imposed stipulations that they be maintained permanently by PFI. The Organization may use all or part of the income earned on these assets for specific purposes.

Cash and cash equivalents: PFI considers all highly liquid debt instruments purchased with original maturities of three months or less to be cash equivalents. The Organization maintains cash balances which may exceed federally insured limits. Management does not believe that this results in any significant credit risk.

Foreign currency: PFI maintains two international offices located in Singapore and Switzerland. The international offices maintain bank accounts, conduct business and record transactions in their local currencies. Gains or losses from exchange transactions resulting in foreign currency are recognized in operations.

Investments: Investments consist of a mutual fund. The mutual fund is recorded at fair value using quoted market prices. Changes in unrealized gains and losses resulting from changes in fair value are reflected in the Statements of Activities and Changes in Net Assets. Dividends and interest are recognized as they are earned. Investment income (including realized and unrealized gains and losses on investments, interest and dividends) is recorded as unrestricted income, unless restricted by donor or law.

Prison Fellowship International

Notes to Financial Statements

Certificates of deposit: Certificates of deposit are carried at cost plus accrued interest which approximates fair value. The certificates bear interest rates of 0.25% to 4% and have original maturities of 3 months to 5 years.

Fair value: PFI values investments at fair value in accordance with a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

- Level 1. Observable inputs such as quoted prices in active markets for identical assets or liabilities;
- Level 2. Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly; and
- Level 3. Unobservable inputs in which there is little or no market data, which requires the reporting entity to develop its own assumptions.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Contributions receivable: The Organization records contributions receivable when an unconditional promise to give is made. Contributions receivable are reported as either temporarily or permanently restricted support unless explicit donor stipulations or circumstances surrounding the pledge make clear the donor intended it to be used to support activities of the current period. Contributions receivable are recorded at the present value of their estimated future cash flows. The discounts on these amounts are computed using risk-adjusted rates applicable in the years in which those promises are received. Amortization of the discounts is included in contributions in the accompanying Statements of Activities and Changes in Net Assets. Management believes all contributions receivable are fully collectible and has determined that no allowance for doubtful contributions receivable is necessary at December 31, 2013 and 2012.

Accounts receivable: The Organization uses the allowance method to estimate the amounts, if any, of its accounts receivable that are considered uncollectible. The amount of the allowance, if any, is based on prior years' experience and management's current estimates of potentially uncollectible accounts. Accounts receivable are deemed to be past due based on a contractual term of 30 days. There was no allowance for doubtful accounts receivable as of December 31, 2013. The allowance for doubtful accounts receivable as of December 31, 2012, was \$31,844.

Inventory: Inventory is recorded at the lower of cost, using the weighted average method, or market. At December 31, 2013 and 2012, inventory consisted of books and videos.

Prison Fellowship International

Notes to Financial Statements

Equipment and furniture: The Organization capitalizes all expenditures for equipment and furniture in excess of \$500. Equipment and furniture includes capitalized computer hardware and software and are recorded at cost and depreciated on a straight-line basis over the estimated useful lives of the assets, which is generally three to five years. Leasehold improvements are amortized using the straight-line method over the shorter of their estimated useful life or the remaining lease term. Expenses that do not materially extend the useful life of an asset are expensed in the current period. Any gain or loss that may result from the sale or disposition of an asset is recorded as a revenue or expense in the year that the transaction occurs.

Charter membership fees: Each affiliate member organization is to pay an annual contribution to PFI, which approximates 6% of the annual revenue of the affiliate organization. In certain cases, the Organization will accept a discretionary “in-kind” contribution from an affiliate who does not have the ability to pay. Charter membership fees, which are self-determined and reported by the affiliates, are recognized upon receipt since that is the point at which PFI is assured of the amount and collection.

Ministry agreement revenue: The Organization receives conditional contributions which are recorded as support and revenues when received and the conditions are met. See Note 9 which further discusses the agreement for which these contributions relate.

Contributions: The Organization records contributions received as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Donor temporarily restricted contributions are recorded as temporarily restricted support and are then reclassified to unrestricted net assets upon fulfillment of the restriction. Donor permanently restricted contributions are reported and remain as permanently restricted net assets. The Organization treats gifts of long-lived assets and gifts of cash for long-lived assets without donor use restrictions as having implied time restrictions that expire over the useful life of the donated assets. Gifts of long-lived assets are recorded at fair value when received or promised.

Contributed rent and other: The Organization rents office space at a below market rate. The difference between the estimated rental market rate for comparable office space and the amount actually charged is recorded as contributed rent in the Statements of Activities and Changes in Net Assets.

Contributed equipment, medical supplies and software: The Organization receives contributed equipment, medical supplies, and software from various organizations, which are temporarily restricted for a specific geographic region, programme, or time. The supplies are recorded at fair value when received or promised and are reflected in the accompanying financial statements as temporarily restricted revenue and ministry services and development expense. The software is recorded at fair value when received or promised and is reflected in the accompanying financial statements as temporarily restricted revenue and will be released as depreciation.

Prison Fellowship International

Notes to Financial Statements

Donated services: Numerous medical professionals volunteer significant amounts of time on the Organization's medical mission trips. Although no amounts are reflected in the financial statements since the Organization would not normally pay for these services, management estimates the fair value of these donated services to be approximately \$202,000 and \$180,000 for the years ended December 31, 2013 and 2012, respectively.

Programme services: Ministry services and development encompasses those activities related to:

- Establishing and developing effective national Prison Fellowship ("PF") ministries through on-site assistance, consultation, and technical support provided by secretariat staff, regional ministry development specialists, and regional leadership teams.
- Supporting national PF ministries through board and staff development, training, programme planning and implementation, strategic projects, material and technical assistance, ministry promotion, and resource development. Specific major programmes include:
 - National Ministry Development
 - PFI Centre for Justice and Reconciliation
 - PFI Institute for Leadership Formation
 - PFI Global Assistance Programmes
 - Convocation
 - Communications

Functional allocation of expenses: The costs of providing the various programs and other activities have been summarized on a functional basis in the Statements of Activities and Changes in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Costs of joint activities: The Organization accounts for costs of joint activities which are part fundraising and have elements of one or more other functions, such as program or management and general according to certain criteria of purpose, audience and content in order to allocate any portion of the costs of joint activities to a functional area other than fundraising.

Income taxes: The Organization is a Section 501(c)(3) not-for-profit corporation exempt from federal income taxes as provided under section 501(a) of the Internal Revenue Code and applicable regulations of the Commonwealth of Virginia. PFI has no unrelated business income.

Prison Fellowship International

Notes to Financial Statements

Uncertainty in income taxes: PFI evaluates uncertainty in income tax positions based on a more-likely-than-not recognition standard. If that threshold is met, the tax position is then measured at the largest amount that is greater than 50% likely of being realized upon ultimate settlement. As of December 31, 2013 and 2012, there are no accruals for uncertain tax positions. If applicable, PFI records interest and penalties as a component of income tax expense. Tax years from 2010 through the current year remain open for examination by tax authorities.

Use of accounting 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 reported amounts 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.

Subsequent events: Management has evaluated subsequent events for disclosure in these financial statements through April 25, 2014, which is the date the financial statements were available to be issued.

2. Investments and fair value of investments

Investments are comprised of the following at December 31:

	2013	2012
Mutual fund – balanced equity and debt	\$ 915,650	\$ 806,354

All of PFI's investments are measured at fair value using level 1 inputs for the years ended December 31, 2013 and 2012.

3. Investment income

Investment income (which includes interest earned on certificates of deposit) is comprised of the following for the years ended December 31:

	2013	2012
Income:		
Interest	\$ 33,872	\$ 35,562
Dividends	59,373	13,715
	93,245	49,277
Other change in investments:		
Unrealized gain (loss)	96,926	78,409
Total investment income	\$ 190,171	\$ 127,686

Prison Fellowship International

Notes to Financial Statements

4. Contributions receivable Contributions receivable are summarized as follows at December 31:

	2013	2012
Unconditional promises expected to be collected in:		
Less than one year	\$ 35,000	\$ -
One year to five years	65,000	-
	100,000	-
Less:		
Unamortized discount	3,422	-
Total	\$ 96,578	\$ -

Contributions receivable are discounted at a rate of 1% at December 31, 2013 and 2012.

5. Equipment and furniture Equipment and furniture consists of the following at December 31:

	2013	2012
Equipment and furniture	\$ 105,733	\$ 87,910
Computer hardware	75,544	65,674
Computer software	629,662	589,483
Leasehold improvements	33,492	29,442
Total equipment and furniture	844,431	772,509
Less: Accumulated depreciation and amortization	(759,518)	(741,777)
Equipment and furniture, net	\$ 84,913	\$ 30,732

Depreciation and amortization expense for the years ended December 31, 2013 and 2012 were \$30,204 and \$111,012, respectively.

6. Board designated net assets Board designated net assets consist of the following at December 31:

	2013	2012
Convocation and special meetings	\$ -	\$ 1,000,000
Crisis intervention	-	100,000
Future ministry development	-	150,000
Medical projects	-	101,260
Total	\$ -	\$ 1,351,260

In 2013, the Board of Directors undesignated all previously designated amounts to be available for general operations.

Prison Fellowship International

Notes to Financial Statements

7. Temporarily restricted net assets Temporarily restricted net assets are available for the following purposes at December 31:

	2013	2012
National ministry support	\$ 218,177	\$ 244,175
Relief and development	1,213,249	1,307,312
Restorative justice	13,830	18,565
Special projects	36,495	218,550
Training	591,400	578,459
Time restricted	96,578	-
Total	\$ 2,169,729	\$ 2,367,061

Temporarily restricted net assets released from restriction for the years ended December 31:

	2013	2012
Donated medical supplies	\$ 15,421	\$ 39,263
National ministry support	126,970	206,393
Relief and development	304,133	69,214
Restorative justice	6,590	7,731
Special projects	47,935	22,309
Training	214,758	236,512
Total	\$ 715,807	\$ 581,422

8. Endowment funds PFI's endowment consists of three individual funds established for a variety of purposes. Its endowment includes donor restricted endowment funds. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Prison Fellowship International

Notes to Financial Statements

Interpretation of the Relevant Law

Management of PFI has interpreted the Virginia Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, PFI classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is classified in temporarily restricted net assets until those amounts are appropriated for expenditure by PFI in a manner consistent with the standard prudence prescribed by UPMIFA. In accordance with UPMIFA, PFI considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

Endowment Net Assets Composition by Type of Fund as of December 31:

	2013	2012
	Permanently Restricted	Permanently Restricted
Donor-restricted endowment funds	\$ 90,000	\$ 90,000

Change in endowment net assets for the year ended December 31, 2013:

	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ -	\$ 90,000	\$ 90,000
Investment income	804	-	804
Appropriation of endowment assets for expenditure	(804)	-	(804)
Endowment net assets, end of year	\$ -	\$ 90,000	\$ 90,000

Prison Fellowship International

Notes to Financial Statements

Change in endowment net assets for the year ended December 31, 2012:

	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ -	\$ 90,000	\$ 90,000
Investment income	815	-	815
Appropriation of endowment assets for expenditure	(815)	-	(815)
Endowment net assets, end of year	\$ -	\$ 90,000	\$ 90,000

Description of amounts classified as permanently restricted net assets:

	2013	2012
The portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulation or by UPMIFA	\$ 90,000	\$ 90,000

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. There were no such deficiencies as of December 31, 2013 and 2012.

Return Objectives and Risk Parameters

PFI 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 preserve the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold for a donor-specified period. Under this policy, as approved by Management, the endowment assets are invested in certificates of deposit to assume a low level of investment risk. PFI expects its endowment funds, over time, to provide an average rate of return of approximately 5% 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, PFI relies on a return strategy in which investment returns are achieved through current yield (interest and dividends).

Prison Fellowship International

Notes to Financial Statements

Spending Policy and How the Investment Objectives Relate to Spending Policy

PFI has a policy of appropriating for distribution each year the income earned on the endowment funds. In establishing this policy, PFI considered the long-term expected return on its endowment. Accordingly, over the long term, PFI expects the current spending policy to remain consistent. This is consistent with PFI's objective to preserve the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

9. Related party transactions

Prison Fellowship USA ("PF USA") is the United States of America chartered affiliate of the Organization. PF USA collects certain donations and pays certain expenses on behalf of the Organization with excess amounts recorded as due from or payable to the Organization each month. PF USA charter membership fees totaled \$0 and \$2,316,464 in 2013 and 2012, respectively. Other PF USA contributions were not received in 2013 and were \$500,000 in 2012. At December 31, 2013 and 2012, PFI had amounts due from PF USA totaling \$0 and \$2,000, respectively. At December 31, 2013 and 2012, PFI had amounts due to PF USA totaling \$19,394 and \$16,575, respectively.

In 2013, PFI and PF USA entered into a Ministry Agreement to foster the global expansion of the prison ministry in the United States and around the world, through collaborative efforts between the two organizations. Per the agreement, PFI is to receive conditional monthly payments which extend over an initial seven year period. The agreement is set to automatically renew for additional seven year terms, provided early termination has not be exercised. As of December 31, 2013, the conditional promise to give for the initial seven year term ending on May 31, 2020 totaled \$11,950,000, which is not reflected in the accompanying Statement of Financial Position. Revenue from the agreement is recognized on the Statement of Activities and Changes in Net Assets as Ministry agreement revenue.

PFI maintains its offices in the Lansdowne, Virginia facility owned by PF USA and has agreed to pay as rent a share of the facility operating expenses proportionate to the space it occupies in the building. The amounts paid to PF USA for rent for the years ended December 31, 2013 and 2012, were \$42,871 and \$55,570, respectively. The difference between this and the estimated market rate rent for comparable office space was recorded as a \$118,517 and \$131,576 contribution from PF USA and as rent expense in 2013 and 2012, respectively.

Prison Fellowship International

Notes to Financial Statements

10. Commitments The Organization has entered into several office space operating leases for both international field offices and for the United States office. The leases expire at various dates through 2014. PFI has also entered into agreements to lease office equipment. These leases are treated as operating leases in the financial statements. The future minimum base payments required under these leases as of December 31, 2013, are as follows:

2014	66,335
Total	\$ 66,335

Rent expense for 2013 and 2012, was \$243,522 and \$270,629, respectively, including \$139,766 and \$159,850, respectively, of contributed rent from PF USA and Overseas Missionary Fellowship (“OMF”) International, an unrelated not-for-profit religious organization.

11. Line of credit The Organization has a line of credit in the amount of \$100,000 with a bank in Virginia. Advances bear interest at the Wall Street Journal Prime Rate. The agreement is renewed each year. At December 31, 2013 and 2012, the Organization had no indebtedness under the line of credit.

12. Retirement plan The Organization sponsors a defined contribution retirement plan (the “Plan”) covering qualifying United States employees, as defined in the Plan agreement. Employees are eligible for participation in the Plan after one year of employment. The Plan consists of mandatory employee contributions of 2% of their annual salary, with the Organization currently contributing 4% of their annual salary. Employees vest 100% in all contributions as they are made. International employees receive retirement benefits in accordance with laws in their respective locations. Retirement expense for all employees for 2013 and 2012 was \$94,972 and \$84,678, respectively.

13. Concentrations In 2013, the Organization received 72% of its total revenue from one entity. In 2012, the Organization received 68% of its total revenue from one entity.



Independent Auditor's Report on Supplementary Information

To the Board of Directors of
Prison Fellowship International
Lansdowne, Virginia

We have audited the financial statements of **Prison Fellowship International** as of and for the years ended December 31, 2013 and 2012, and our report thereon dated April 25, 2014, which expressed an unmodified opinion on those financial statements, appears on pages 1 and 2. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedules of Functional Expenses on pages 18 and 19 are presented for purposes of additional analysis and are 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 as a whole.

Rockville, Maryland
April 25, 2014

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Prison Fellowship International

Schedule of Functional Expenses

<i>Year Ended December 31, 2013</i>	Ministry Services and Development	General and Administrative	Fundraising	Total
Salaries and benefits	\$ 1,808,249	\$ 441,796	\$ 191,325	\$ 2,441,370
Conferences	10,243	-	18,795	29,038
Depreciation and amortization	14,433	14,565	1,206	30,204
Legal and insurance	12,995	42,928	1,095	57,018
Material giveaways	724	-	-	724
Non-cash contributions	15,421	-	-	15,421
Other	69,599	13,421	957	83,977
Postage	43,471	9,758	1,476	54,705
Printing	32,503	6,516	3,722	42,741
Professional services	692,894	58,459	258,657	1,010,010
Rent, maintenance and utilities	193,746	55,689	16,819	266,254
Software and internet	13,856	5,534	1,522	20,912
Special projects	162,311	-	-	162,311
Supplies	21,256	3,147	1,695	26,098
Telephone	38,596	1,707	1,127	41,430
Translation	49,669	1,199	1,417	52,285
Travel	473,809	56,704	26,336	556,849
Total	\$ 3,653,775	\$ 711,423	\$ 526,149	\$ 4,891,347

See Independent Auditor's Report on Supplementary Information.

Prison Fellowship International

Schedule of Functional Expenses

<i>Year Ended December 31, 2012</i>	Ministry Services and Development	General and Administrative	Fundraising	Total
Salaries and benefits	\$ 1,623,245	\$ 398,300	\$ 56,323	\$ 2,077,868
Conferences	992	-	366	1,358
Depreciation and amortization	93,606	17,110	296	111,012
Legal and insurance	6,184	84,812	269	91,265
Material giveaways	4,742	1,908	-	6,650
Non-cash contributions	39,263	-	-	39,263
Other	10,102	9,545	390	20,037
Postage	55,955	12,515	662	69,132
Printing	39,439	9,265	-	48,704
Professional services	248,267	49,552	208,867	506,686
Rent, maintenance and utilities	216,255	75,744	5,530	297,529
Software and internet	14,455	4,274	591	19,320
Special projects	343,456	-	-	343,456
Supplies	19,035	2,900	158	22,093
Telephone	34,983	698	47	35,728
Translation	19,159	1,290	-	20,449
Travel	356,509	44,296	-	400,805
Total	\$ 3,125,647	\$ 712,209	\$ 273,499	\$ 4,111,355

See Independent Auditor's Report on Supplementary Information.