

# **Consolidated Financial Statements**

**December 31, 2017**

**Kairos Prison Ministry International, Inc.  
and Affiliate  
(Not-For-Profit Corporations)**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
*Kairos Prison Ministry International, Inc. and Affiliate*

### **Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of Kairos Prison Ministry International, Inc. (KPMI) and affiliate, which comprise the consolidated statement of financial position as of December 31, 2017, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audit. We conducted our audit 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

### **Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Kairos Prison Ministry International, Inc. and affiliate as of December 31, 2017, 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.

**Other Matter**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information in the Consolidating Schedules is presented for the purpose of additional analysis and it is not a required part of the consolidated 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 consolidated financial statements. The information have been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements taken as a whole.

*McDiernit Davis & Company, LLC*

Orlando, Florida  
April 30, 2018

Kairos Prison Ministry International, Inc. and Affiliate  
**Consolidated Statement of Financial Position**  
December 31, 2017

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	<u>2017</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 4,420,817
Restricted cash and cash equivalents	210,737
Investments	742,053
Prepaid expenses and other current assets	225,481
<b>Total current assets</b>	<u>5,599,088</u>
Property and equipment, net	458,304
<b>Total assets</b>	<u><u>\$ 6,057,392</u></u>
<b>Liabilities and Net Assets</b>	
Liabilities:	
Accounts payable and accrued expenses	\$ 103,831
Deferred revenue	8,482
<b>Total liabilities</b>	<u>112,313</u>
Net Assets:	
Unrestricted	5,734,342
Temporarily restricted	130,737
Permanently restricted	80,000
<b>Total net assets</b>	<u>5,945,079</u>
<b>Total liabilities and net assets</b>	<u><u>\$ 6,057,392</u></u>

Kairos Prison Ministry International, Inc. and Affiliate  
**Consolidated Statement of Activities**  
Year Ended December 31, 2017

				2017
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Changes in Net Assets</b>				
Support and revenue:				
Contributions	\$ 6,611,214	\$ 77,208	\$ -	\$ 6,688,422
Training	42,160	-	-	42,160
Other income	15,258	-	-	15,258
Net assets released from restrictions	91,638	(91,638)	-	-
<b>Total support and revenue</b>	<b>6,760,270</b>	<b>(14,430)</b>	<b>-</b>	<b>6,745,840</b>
<b>Expenses</b>				
Program services:				
Prison ministry	4,761,027	-	-	4,761,027
<b>Total program services</b>	<b>4,761,027</b>	<b>-</b>	<b>-</b>	<b>4,761,027</b>
Supporting activities:				
Administrative	1,292,577	-	-	1,292,577
Development and fundraising	193,161	-	-	193,161
<b>Total supporting activities</b>	<b>1,485,738</b>	<b>-</b>	<b>-</b>	<b>1,485,738</b>
<b>Total expenses</b>	<b>6,246,765</b>	<b>-</b>	<b>-</b>	<b>6,246,765</b>
<b>Increase in net assets</b>	<b>513,505</b>	<b>(14,430)</b>	<b>-</b>	<b>499,075</b>
<b>Net Assets - beginning of year</b>	<b>5,220,837</b>	<b>145,167</b>	<b>80,000</b>	<b>5,446,004</b>
<b>Net Assets - end of year</b>	<b>\$ 5,734,342</b>	<b>\$ 130,737</b>	<b>\$ 80,000</b>	<b>\$ 5,945,079</b>

Kairos Prison Ministry International, Inc. and Affiliate  
**Consolidated Statement of Cash Flows**  
Year Ended December 31, 2017

	<u>2017</u>
<b>Cash Flows From Operating Activities:</b>	
Receipts from contributors	\$ 6,685,222
Receipts of training fees, conference fees and other income	54,896
Cash paid to suppliers of materials, employees and other operating cash payments	(6,133,235)
Loss on sale of assets	(9,286)
Interest and dividend income received	4,257
<b>Net cash provided by operating activities</b>	<u>601,854</u>
<b>Cash Flows From Investing Activities:</b>	
Purchases of property and equipment	(39,710)
Purchase of investments	(885,052)
Sale of investments	454,392
<b>Net cash used by investing activities</b>	<u>(470,370)</u>
<b>Net increase in cash and cash equivalents</b>	131,484
<b>Cash and Cash Equivalents - beginning of year</b>	<u>4,500,070</u>
<b>Cash and Cash Equivalents - end of year</b>	<u>\$ 4,631,554</u>
<b>Reconciliation of Net Increase in Net Assets to Net Cash</b>	
Provided by operating activities:	
Increase in net assets	\$ 499,075
Adjustments to reconcile net increase in net assets to net cash provided by operating activities:	
Depreciation	46,405
Gift in kind donation of fixed assets	(3,200)
Unrealized loss on investments	(6,747)
Loss on sale of assets	(9,286)
Changes in operating assets and liabilities:	
(Increase) decrease in:	
Prepaid expenses and other current assets	57,450
Increase (decrease) in:	
Accounts payable and accrued expenses	9,675
Deferred revenue	8,482
<b>Net cash provided by operating activities</b>	<u>\$ 601,854</u>

## **NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **Nature of Activities**

Kairos Prison Ministry International, Inc. (KPMI) 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.

The accompanying financial statements include the accounts of KPMI and its affiliate, Kairos Prison Ministry International Foundation, Inc. (the Foundation) (collectively referred to as the Ministry). The Foundation was formed primarily to operate for the benefit of, and to carry out the purposes of, KPMI. In June 2017, the Foundation was liquidated and merged all assets & liabilities to KPMI.

### **Principles of Consolidation**

The accompanying consolidated financial statements reflect the accounts of KPMI's international office, state affiliates and Foundation. The international office performs various administrative functions for its thirty-seven state affiliates which are part of the same legal entity as KPMI and are located throughout the United States. The purpose of the state affiliates is to primarily operate for the benefit of, and to carry out the purposes of, KPMI throughout the United States. All significant inter-company accounts, transactions and profits have been eliminated upon consolidation.

### **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.

### **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*.

Under FASB ASC 958-205, net assets and revenue, expenses, gains and losses are classified as temporarily restricted, permanently restricted, or unrestricted based on the existence or absence, respectively, of donor-imposed restrictions. Accordingly, the net assets of the Ministry and changes therein are classified as follows:

*Unrestricted net assets* - Net assets available for the support of the Ministry's operations. The unrestricted net assets may be used at the discretion of the Ministry's management and Board of Directors and are not subject to any donor restrictions.

*Temporarily restricted net assets* - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Ministry or the passage of time.

*Permanently restricted net assets* - Net assets subject to donor-imposed stipulations to be maintained permanently by the Ministry. Generally, the donors of these assets 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 unrestricted net assets unless use of the related assets is limited by donor-imposed or contractual restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets and liabilities are reported as increases or decreases in unrestricted net assets 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 unrestricted net assets 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.



## **NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **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.

### **Revenue Recognition**

Conference and training fees are recognized in the period the conference or training is held. Fees collected prior to the date of the conference or training are included in deferred revenues. All inter-company transactions and profits with affiliates have been eliminated upon consolidation.

### **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 permanently restricted net assets, if designated by the donors as such, or temporarily restricted net assets until donor restrictions are met.

The Ministry reports non-cash contributions as unrestricted net assets 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.

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

### **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.

### **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 unrestricted net assets. Realized and unrealized gains and losses on investments are classified and recorded as increases or decreases in unrestricted net assets. 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 possible that changes in values of investments will occur in the near term and that such changes should be materially different from the amounts reported.

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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

**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, 2017, no liability for unrelated business income tax existed.

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 consolidated 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.

**Advertising**

Advertising is expensed as incurred and amounted to \$83,351 for the year ended December 31, 2017, respectively.

**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, accounts receivable, prepaid expenses and other current assets, and liabilities approximates their carrying values due to the short-term maturities of these instruments.

**NOTE 1            SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Functional Allocation of Expenses**

The costs of providing the various programs and other activities of the Ministry have been allocated on a functional basis among the program services and supporting activities benefited based on systematic methods and estimates made by management.

**Evaluation of Subsequent Events**

The Ministry has evaluated subsequent events through the date of the independent auditor's report, the date which the accompanying consolidated financial statements were available to be issued.

**NOTE 2            INVESTMENTS**

A summary of investments, by investment type, at December 31, 2017 are presented as follows:

	<u>2017</u>
<b>Municipal bonds:</b>	
Government bonds	\$            21,058
<b>Corporate bonds:</b>	
Domestic bonds	32,182
<b>Exchange traded funds:</b>	
Short term-bonds	14,427
Long government bonds	22,262
Large blend	87,906
Large value	88,139
<b>Bond funds:</b>	
Intermediate- term bond	181,342
Multisector bond	36,190
<b>Equity funds:</b>	
Foreign large growth	43,608
Real estate	44,259
Diversified emerging markets	33,222
Foreign small/mid blend	32,984
Small value	30,439
World allocation	43,550
Small growth	30,485
	<u>                    </u>
	<u>\$            742,053</u>

### **NOTE 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.

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.

**NOTE 3 FAIR VALUE MEASUREMENT (CONTINUED)**

The following tables summarize the Ministry's investments reported at fair value based on the valuation methodology applied by the Ministry as of December 31, 2017:

December 31, 2017	Fair Value	Fair Value Measurements at the End of the Reporting Period Using:		
		Level 1: Quoted Prices	Level 2: Significant Other Observable Inputs	Level 3: Significant Unobservable Inputs
Municipal bonds:				
Government bonds	\$ 21,058	\$ -	\$ 21,058	\$ -
Corporate bonds:				
Domestic bonds	32,182	-	32,182	-
Exchange traded funds:				
Short term-bonds	14,427	-	14,427	-
Long government bonds	22,262	-	22,262	-
Large blend	87,906	-	87,906	-
Large value	88,139	-	88,139	-
Bond funds:				
Intermediate- term bond	181,342	-	181,342	-
Multisector bond	36,190	-	36,190	-
Equity funds:				
Foreign large growth	43,608	-	43,608	-
Real estate	44,259	-	44,259	-
Diversified emerging markets	33,222	-	33,222	-
Foreign small/mid blend	32,984	-	32,984	-
Small value	30,439	-	30,439	-
World allocation	43,550	-	43,550	-
Small growth	30,485	-	30,485	-
Total	\$ 742,053	\$ -	\$ 742,053	\$ -

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).

**NOTE 4      PROPERTY AND EQUIPMENT**

The following is a summary of property and equipment as of December 31, 2017:

	<u>2017</u>
Land	\$ 94,970
Building	307,652
Computer equipment	20,816
Furniture and equipment	<u>217,031</u>
	640,469
Less: accumulated depreciation	<u>(182,165)</u>
Property and equipment, net	<u>\$ 458,304</u>

Depreciation expense totaled \$46,405 for the year ended December 31, 2017.

**NOTE 5      DESCRIPTION OF LEASING ARRANGEMENTS**

The international office is obligated under non-cancelable operating leases for various equipment. Total rentals under operating leases amounted to \$10,785 for the year ended December 31, 2017. During the year ended December 31, 2017, the operating lease expired and was not renewed.

State affiliates of the Ministry lease certain storage space, equipment and housing facilities on a month to month basis in order to carry out the purposes of the Ministry. Total rentals under such leases amounted to \$271,340 for the year ended December 31, 2017.

**NOTE 6            TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets were available to support the following purposes at December 31, 2017:

	2017		
	International Office	State Affiliate	Total
Purpose of restriction:			
KPMI international programs	\$ 20,588	\$ -	\$ 20,588
Volunteer recruiting	1,330	-	1,330
Videos/PSA	18,628	-	18,628
General	4,236	-	4,236
Database	18,550	-	18,550
Torch pilot program	2,161	-	2,161
Ohio	6,453	-	6,453
New starts (WI)	5,681	-	5,681
Georgia KT	15,726	-	15,726
Florida - women's programs	13,276	-	13,276
Norma McCrae estate (WA)	12,132	-	12,132
Trailers (TX)	-	11,977	11,977
	<u>\$ 118,761</u>	<u>\$ 11,977</u>	<u>\$ 130,738</u>

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, 2017 for the following purposes:

	2017		
	International Office	State Affiliate	Total
Purpose of restriction:			
KPMI international programs	\$ 10,280	\$ -	\$ 10,280
General	13,765	-	13,765
SC broad river	882	-	882
Database	43,200	-	43,200
AV equipment	2,784	-	2,784
Trailers (TX)	-	14,355	14,355
Video/PSA	6,372	-	6,372
	<u>\$ 77,283</u>	<u>\$ 14,355</u>	<u>\$ 91,638</u>

**NOTE 7            PERMANENTLY RESTRICTED NET ASSETS**

Permanently restricted net assets are restricted to investment in perpetuity, the income of which is expendable to support the operating fund.

**NOTE 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 \$24,173 for the year ended December 31, 2017.

**NOTE 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, 2017, the Ministry had approximately \$1,934,000 in uninsured cash. The risk is managed by maintaining all deposits in high quality institutions.

**Contractual Commitments**

The Ministry has reserved convention and hotel accommodations for future annual conference with minimum cancellation fees of approximately \$33,000.

**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.



## **Consolidating Schedules**

Kairos Prison Ministry International, Inc. and Affiliate  
**Consolidating Schedule - Statement of Financial Position**  
Year Ended December 31, 2017

	2017				
	International		State		
	Office	Foundation	Affiliates	Eliminations	Total
<b>Assets</b>					
Cash and cash equivalents	608,509	\$ -	\$ 3,812,308	\$ -	\$ 4,420,817
Restricted cash and cash equivalents	198,760	-	11,977	-	210,737
Investments	742,053	-	-	-	742,053
Due from (to) affiliates, net	209,164	-	-	(209,164)	-
Prepaid expenses and other current assets	141,707	-	83,774	-	225,481
<b>Total current assets</b>	<b>1,900,193</b>	<b>-</b>	<b>3,908,059</b>	<b>(209,164)</b>	<b>5,599,088</b>
Property and equipment, net	371,054	-	87,250	-	458,304
<b>Total assets</b>	<b>\$ 2,271,247</b>	<b>\$ -</b>	<b>\$ 3,995,309</b>	<b>\$ (209,164)</b>	<b>\$ 6,057,392</b>
<b>Liabilities and Net Assets</b>					
Liabilities:					
Accounts payable and accrued expenses	\$ 69,312	\$ -	\$ 243,683	\$ (209,164)	\$ 103,831
Deferred revenue	-	-	8,482	-	8,482
<b>Total liabilities</b>	<b>69,312</b>	<b>-</b>	<b>252,165</b>	<b>(209,164)</b>	<b>112,313</b>
Net Assets:					
Unrestricted	2,003,175	-	3,731,167	-	5,734,342
Temporarily restricted	118,760	-	11,977	-	130,737
Permanently restricted	80,000	-	-	-	80,000
<b>Total net assets</b>	<b>2,201,935</b>	<b>-</b>	<b>3,743,144</b>	<b>-</b>	<b>5,945,079</b>
<b>Total liabilities and net assets</b>	<b>\$ 2,271,247</b>	<b>\$ -</b>	<b>\$ 3,995,309</b>	<b>\$ (209,164)</b>	<b>\$ 6,057,392</b>

Kairos Prison Ministry International, Inc. and Affiliate  
**Consolidating Schedule - Statement of Activities**  
Year Ended December 31, 2017

	2017			
	International Office			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Changes in Net Assets</b>				
Support and revenue:				
Contributions	\$ 184,616	\$ 64,695	\$ -	\$ 249,311
Training	42,160	-	-	42,160
Other income (expense)	3,538	-	-	3,538
Net assets released from restrictions	77,283	(77,283)	-	-
<b>Total support and revenue</b>	<b>307,597</b>	<b>(12,588)</b>	<b>-</b>	<b>295,009</b>
Interministry payments received:				
Affiliation fees	995,065	-	-	995,065
Blessings	115,500	-	-	115,500
Materials	414,960	-	-	414,960
Training fees	225,825	-	-	225,825
<b>Total interministry payments received</b>	<b>1,751,350</b>	<b>-</b>	<b>-</b>	<b>1,751,350</b>
Interministry payments made:				
Affiliation fees	-	-	-	-
Blessings	11,421	-	-	11,421
Materials	37,851	-	-	37,851
Training fees	-	-	-	-
<b>Total interministry payments made</b>	<b>49,272</b>	<b>-</b>	<b>-</b>	<b>49,272</b>
<b>Total interministry</b>	<b>1,702,078</b>	<b>-</b>	<b>-</b>	<b>1,702,078</b>
<b>Expenses</b>				
Program services:				
Prison ministry	636,158	-	-	636,158
<b>Total program services</b>	<b>636,158</b>	<b>-</b>	<b>-</b>	<b>636,158</b>
Supporting activities:				
Administrative	1,048,865	-	-	1,048,865
Development and fundraising	76,591	-	-	76,591
<b>Total supporting activities</b>	<b>1,125,456</b>	<b>-</b>	<b>-</b>	<b>1,125,456</b>
<b>Total expenses</b>	<b>1,761,614</b>	<b>-</b>	<b>-</b>	<b>1,761,614</b>
Increase (decrease) in net assets	248,061	(12,588)	-	235,473
Net Assets - beginning of year	1,027,946	77,198	-	1,105,144
Transfer of unrestricted net assets	727,168	-	-	727,168
Transfer of temporarily restricted net assets	-	54,150	-	54,150
Transfer of permanently restricted net assets	-	-	80,000	80,000
<b>Net Assets - end of year</b>	<b>\$ 2,003,175</b>	<b>\$ 118,760</b>	<b>\$ 80,000</b>	<b>\$ 2,201,935</b>

(Continued)

Kairos Prison Ministry International, Inc. and Affiliate  
**Consolidating Schedule - Statement of Activities**  
Year Ended December 31, 2017

								2017
Foundation				State Affiliates				
Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	
\$ 12,790	\$ -	\$ -	\$ 12,790	\$ 6,413,808	\$ 12,513	\$ -	\$ 6,426,321	
-	-	-	-	-	-	-	-	
1,800	-	-	1,800	9,920	-	-	9,920	
-	-	-	-	14,355	(14,355)	-	-	
14,590	-	-	14,590	6,438,083	(1,842)	-	6,436,241	
-	-	-	-	426,652	-	-	426,652	
-	-	-	-	139,236	-	-	139,236	
-	-	-	-	37,851	-	-	37,851	
-	-	-	-	189,530	-	-	189,530	
-	-	-	-	793,269	-	-	793,269	
-	-	-	-	1,421,717	-	-	1,421,717	
-	-	-	-	243,315	-	-	243,315	
-	-	-	-	414,960	-	-	414,960	
-	-	-	-	415,355	-	-	415,355	
-	-	-	-	2,495,347	-	-	2,495,347	
-	-	-	-	(1,702,078)	-	-	(1,702,078)	
-	-	-	-	4,124,869	-	-	4,124,869	
-	-	-	-	4,124,869	-	-	4,124,869	
6,869	-	-	6,869	236,843	-	-	236,843	
-	-	-	-	116,570	-	-	116,570	
6,869	-	-	6,869	353,413	-	-	353,413	
6,869	-	-	6,869	4,478,282	-	-	4,478,282	
7,721	-	-	7,721	257,723	(1,842)	-	255,881	
719,447	54,150	80,000	853,597	3,473,444	13,819	-	3,487,263	
(727,168)	-	-	(727,168)	-	-	-	-	
-	(54,150)	-	(54,150)	-	-	-	-	
-	-	(80,000)	(80,000)	-	-	-	-	
\$ -	\$ -	\$ -	\$ -	\$ 3,731,167	\$ 11,977	\$ -	\$ 3,743,144	

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Kairos Prison Ministry International, Inc. and Affiliate  
**Consolidating Schedule - Statement of Activities**  
Year Ended December 31, 2017

					2017
					Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	Eliminations	Total
<b>Changes in Net Assets</b>					
Support and revenue:					
Contributions	\$ 6,611,214	\$ 77,208	\$ -	\$ -	\$ 6,688,422
Training	42,160	-	-	-	42,160
Other income (expense)	15,258	-	-	-	15,258
Net assets released from restrictions	91,638	(91,638)	-	-	-
<b>Total support and revenue</b>	<b>6,760,270</b>	<b>(14,430)</b>	<b>-</b>	<b>-</b>	<b>6,745,840</b>
Interministry payments received:					
Affiliation fees	1,421,717	-	-	(1,421,717)	-
Blessings	254,736	-	-	(254,736)	-
Materials	452,811	-	-	(452,811)	-
Training fees	415,355	-	-	(415,355)	-
<b>Total interministry payments received</b>	<b>2,544,619</b>	<b>-</b>	<b>-</b>	<b>(2,544,619)</b>	<b>-</b>
Interministry payments made:					
Affiliation fees	1,421,717	-	-	(1,421,717)	-
Blessings	254,736	-	-	(254,736)	-
Materials	452,811	-	-	(452,811)	-
Training fees	415,355	-	-	(415,355)	-
<b>Total interministry payments made</b>	<b>2,544,619</b>	<b>-</b>	<b>-</b>	<b>(2,544,619)</b>	<b>-</b>
<b>Total interministry</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenses</b>					
Program services:					
Prison ministry	4,761,027	-	-	-	4,761,027
<b>Total program services</b>	<b>4,761,027</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,761,027</b>
Supporting activities:					
Administrative	1,292,577	-	-	-	1,292,577
Development and fundraising	193,161	-	-	-	193,161
<b>Total supporting activities</b>	<b>1,485,738</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,485,738</b>
<b>Total expenses</b>	<b>6,246,765</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,246,765</b>
Increase (decrease) in Net Assets	513,505	(14,430)	-	-	499,075
Net Assets - beginning of year	5,220,837	145,167	80,000	-	5,446,004
Transfer of unrestricted net assets	-	-	-	-	-
Transfer of temporarily restricted net assets	-	-	-	-	-
Transfer of permanently restricted net assets	-	-	-	-	-
<b>Net Assets - end of year</b>	<b>\$ 5,734,342</b>	<b>\$ 130,737</b>	<b>\$ 80,000</b>	<b>\$ -</b>	<b>\$ 5,945,079</b>

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