

**PRISON ENTREPRENEURSHIP PROGRAM
CONSOLIDATED FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
AND INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2020 AND 2019**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Prison Entrepreneurship Program
Houston, Texas

We have audited the accompanying consolidated financial statements of Prison Entrepreneurship Program (the Organization), which comprise the consolidated statements of financial position as of December 31, 2020 and 2019, and the related consolidated statements of activities, cash flows and expenses for the years 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.

Auditors' 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 of 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 auditors' 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 Organization'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 Organization'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 financial position of Prison Entrepreneurship Program as of December 31, 2020 and 2019 and the results of its operations and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statements of financial position as of December 31, 2020 and 2019 and the consolidating statements of activities for the years then ended on pages 21-24 are presented for the purposes of additional analysis and are 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 has 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 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 consolidated financial statements as a whole.

Pittsford Samuels, PLLC

June 8, 2021



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PRISON ENTREPRENEURSHIP PROGRAM
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash	\$ 2,417,959	\$ 1,423,974
Short-term investments	205,046	310
Receivables - donations	457,786	717,255
Promissory notes receivable - 2nd chance business loans	206,803	-
Prepaid expenses, deposits and other assets	69,944	85,472
Property and equipment, net of accumulated depreciation and amortization of \$606,193 in 2020 and \$526,746 in 2019	1,024,132	1,112,294
Investments in closely held entities	<u>13,953</u>	<u>14,834</u>
Total Assets	<u>\$ 4,395,623</u>	<u>\$ 3,354,139</u>
LIABILITIES		
Accounts payable and accrued liabilities	\$ 86,629	\$ 252,401
Accrued salaries and payroll taxes	145,330	120,892
Long-term debt - current maturities	67,632	18,011
Long-term debt		
Transition home mortgages	395,544	414,463
Social impact investor loans	186,890	58,750
Paycheck Protection Program loan	<u>315,492</u>	<u>-</u>
Total liabilities	<u>1,197,517</u>	<u>864,517</u>
NET ASSETS		
With donor restrictions	897,786	808,020
Without donor restrictions	<u>2,300,320</u>	<u>1,681,602</u>
Total net assets	<u>3,198,106</u>	<u>2,489,622</u>
Total Liabilities and Net Assets	<u>\$ 4,395,623</u>	<u>\$ 3,354,139</u>

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PRISON ENTREPRENEURSHIP PROGRAM

CONSOLIDATED STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020			2019		
	Without donor Restrictions	With donor Restrictions	Total	Without donor Restrictions	With donor Restrictions	Total
SUPPORT AND REVENUE						
Support	\$ 2,238,154	\$ 540,940	\$ 2,779,094	\$ 1,550,365	\$ 763,877	\$ 2,314,242
Rental income	214,375	-	214,375	197,113	-	197,113
Interest and other income	28,089	-	28,089	39,116	-	39,116
In-kind support	<u>244,921</u>	<u>-</u>	<u>244,921</u>	<u>44,679</u>	<u>-</u>	<u>44,679</u>
Total support and revenue	2,725,539	540,940	3,266,479	1,831,273	763,877	2,595,150
RELEASE OF RESTRICTIONS	<u>450,674</u>	<u>(450,674)</u>	<u>-</u>	<u>399,520</u>	<u>(399,520)</u>	<u>-</u>
Total support, revenue and releases	<u>3,176,213</u>	<u>90,266</u>	<u>3,266,479</u>	<u>2,230,793</u>	<u>364,357</u>	<u>2,595,150</u>
OPERATING EXPENSES						
Programs	2,003,366	-	2,003,366	2,115,699	-	2,115,699
Fundraising	332,808	-	332,808	303,848	-	303,848
Administrative	<u>221,321</u>	<u>-</u>	<u>221,321</u>	<u>246,800</u>	<u>-</u>	<u>246,800</u>
Total expenses	<u>2,557,495</u>	<u>-</u>	<u>2,557,495</u>	<u>2,666,347</u>	<u>-</u>	<u>2,666,347</u>
Net operating	<u>618,718</u>	<u>90,266</u>	<u>708,984</u>	<u>(435,554)</u>	<u>364,357</u>	<u>(71,197)</u>
OTHER REVENUE AND EXPENSE						
Revenue	-	-	-	-	19,554	19,554
Expense	<u>-</u>	<u>(500)</u>	<u>(500)</u>	<u>-</u>	<u>(219,354)</u>	<u>(219,354)</u>
Net other	<u>-</u>	<u>(500)</u>	<u>(500)</u>	<u>-</u>	<u>(199,800)</u>	<u>(199,800)</u>
INCREASE (DECREASE) IN NET ASSETS	618,718	89,766	708,484	(435,554)	164,557	(270,997)
NET ASSETS						
BEGINNING OF YEAR	<u>1,681,602</u>	<u>808,020</u>	<u>2,489,622</u>	<u>2,117,156</u>	<u>643,463</u>	<u>2,760,619</u>
END OF YEAR	<u>\$ 2,300,320</u>	<u>\$ 897,786</u>	<u>\$ 3,198,106</u>	<u>\$ 1,681,602</u>	<u>\$ 808,020</u>	<u>\$ 2,489,622</u>

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The accompanying notes are an integral part of these financial statements.

PRISON ENTREPRENEURSHIP PROGRAM
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

INCREASE (DECREASE) IN CASH

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Decrease in net assets	\$ <u>708,484</u>	\$ <u>(270,997)</u>
Adjustments		
Donated stocks	(228,604)	(17,114)
Donated fixed assets	(981)	(23,400)
(Gain) loss on sale of donated stocks	(667)	321
Depreciation and amortization	92,187	100,410
Gain on sales of equipment	-	(4,257)
Changes in		
Receivables	259,484	(191,726)
Prepaid expenses, deposits and other assets	15,994	(59,341)
Accounts payable and accrued liabilities	(64,693)	142,056
Accrued salaries and payroll taxes	<u>24,438</u>	<u>(1,125)</u>
Total adjustments	<u>97,158</u>	<u>(54,176)</u>
Net cash provided (used) by operating activities	<u>805,642</u>	<u>(325,173)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of donated stocks	24,535	16,483
Proceeds from sales of equipment	-	16,685
Proceeds from sale of donated vehicle	500	-
Participant business loans originated	(211,808)	-
Participant business loans repaid	5,005	-
Designated donation transferred to independent nonprofit	(82,095)	-
Change in investments, net	881	347,775
Purchase of property and equipment	<u>(23,009)</u>	<u>(309,452)</u>
Net cash provided (used) by investing activities	<u>(285,991)</u>	<u>71,491</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from social impact investor loans	178,750	58,750
Payment of social impact investor loans	(1,898)	-
Proceeds from Paycheck Protection Program loan	315,492	-
Payment of mortgage debt	<u>(18,010)</u>	<u>(15,078)</u>
Net cash provided by financing activities	<u>474,334</u>	<u>43,672</u>
NET INCREASE (DECREASE) IN CASH	993,985	(210,010)
CASH BEGINNING OF YEAR	<u>1,423,974</u>	<u>1,633,984</u>
CASH END OF YEAR	<u>\$ 2,417,959</u>	<u>\$ 1,423,974</u>
SUPPLEMENTAL CASH FLOW DISCLOSURE		
CASH PAID FOR INTEREST	<u>\$ 25,545</u>	<u>\$ 19,782</u>

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The accompanying notes are an integral part of these financial statements.

PRISON ENTREPRENEURSHIP PROGRAM
CONSOLIDATED STATEMENT OF EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Programs					Total	Fundraising	Administrative	Total
	Prerelease	Re-entry	Housing	Lending	Other				
Salaries	\$ 626,914	\$ 266,022	\$ 22,764	\$ 28,437	\$ 51,462	\$ 995,599	\$ 211,528	\$ 140,670	\$1,347,797
Automobile/transportation	11,419	4,845	415	518	937	18,134	3,853	2,562	24,549
Bank charges	8,102	3,438	3,121	705	665	16,031	2,734	1,818	20,583
Benefits/payroll taxes	135,591	57,536	4,923	6,150	11,130	215,330	45,750	30,425	291,505
Computer	6,985	2,731	233	18,339	528	28,816	2,172	1,445	32,433
Contractual services	72,608	23,956	2,050	2,561	4,634	105,809	19,049	12,667	137,525
Curriculum	6,424	-	-	-	-	6,424	-	-	6,424
Depreciation	31,509	5,670	45,797	606	1,097	84,679	4,509	2,999	92,187
Events	10,536	505	43	54	98	11,236	402	267	11,905
Food/entertainment	2,361	20,769	80	100	502	23,812	740	492	25,044
Insurance	12,563	5,331	8,398	570	1,031	27,893	4,239	2,819	34,951
Interest	-	-	19,385	6,160	-	25,545	-	-	25,545
Other	1,509	9,328	1,410	785	8,752	21,784	502	334	22,620
Postage	8,678	1,086	94	116	345	10,319	864	574	11,757
Professional fees	7,904	3,354	2,365	359	6,400	20,382	2,667	1,772	24,821
Program education	7,311	3,102	265	332	600	11,610	2,467	1,641	15,718
Property lease	47,177	20,019	44,511	2,140	7,373	121,220	15,918	10,586	147,724
Property taxes	331	141	43,286	15	27	43,800	112	74	43,986
Re-entry housing	-	6,650	-	-	-	6,650	-	-	6,650
Repair and maintenance	6,090	2,584	17,989	276	908	27,847	2,055	1,367	31,269
Staff training/appreciation	5,376	2,281	195	244	441	8,537	1,814	1,207	11,558
Supplies	8,041	25,065	8,108	196	355	41,765	1,458	970	44,193
Travel	3,123	781	62	77	1,067	5,110	576	382	6,068
Utilities	27,856	11,820	81,807	1,264	2,287	125,034	9,399	6,250	140,683
	<u>\$1,048,408</u>	<u>\$ 477,014</u>	<u>\$ 307,301</u>	<u>\$ 70,004</u>	<u>\$ 100,639</u>	<u>\$2,003,366</u>	<u>\$ 332,808</u>	<u>\$ 221,321</u>	<u>\$2,557,495</u>



PRISON ENTREPRENEURSHIP PROGRAM
CONSOLIDATED STATEMENT OF EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

	Programs					Total	Fundraising	Administrative	Total
	Prerelease	Re-entry	Housing	Lending	Other				
Salaries	\$ 549,659	\$ 336,436	\$ 21,208	\$ 14,887	\$ 54,572	\$ 976,762	\$ 182,683	\$ 148,383	\$1,307,828
Automobile/transportation	19,057	11,664	735	516	1,892	33,864	6,334	5,145	45,343
Bank charges	3,982	2,437	3,286	108	395	10,208	1,323	1,076	12,607
Benefits/payroll taxes	123,493	75,588	4,765	3,345	12,260	219,451	41,044	33,337	293,832
Computer	8,698	2,569	162	114	417	11,960	1,395	1,134	14,489
Contractual services	75,277	26,374	1,663	1,167	4,278	108,759	14,321	11,630	134,710
Curriculum	9,599	396	-	-	-	9,995	-	-	9,995
Depreciation	48,013	7,275	36,460	322	1,180	93,250	3,951	3,209	100,410
Events	79,662	30,300	1,734	1,217	4,463	117,376	14,938	12,134	144,448
Food/entertainment	5,701	45,101	88	62	3,602	54,554	760	618	55,932
Insurance	10,925	6,687	7,390	296	1,085	26,383	3,631	2,949	32,963
Interest	-	-	19,782	-	-	19,782	-	-	19,782
Other	2,784	10,001	3,236	71	4,698	20,790	874	710	22,374
Postage	6,619	2,197	138	97	4,015	13,066	1,193	970	15,229
Professional fees	6,826	4,178	1,729	921	966	14,620	2,269	1,843	18,732
Program education	2,946	1,803	114	80	292	5,235	979	795	7,009
Property lease	41,250	25,248	44,792	1,117	11,119	123,526	13,710	11,135	148,371
Property taxes	279	171	34,143	8	27	34,628	93	74	34,795
Re-entry housing	-	5,743	-	-	-	5,743	-	-	5,743
Repair and maintenance	7,702	4,714	8,203	209	1,460	22,288	2,560	2,079	26,927
Staff training/appreciation	4,091	2,504	158	111	406	7,270	1,360	1,104	9,734
Supplies	16,611	34,240	7,090	116	425	58,482	1,424	1,158	61,064
Travel	8,192	2,336	146	102	7,318	18,094	1,256	1,022	20,372
Utilities	23,318	14,272	69,077	632	2,314	109,613	7,750	6,295	123,658
	<u>\$1,054,684</u>	<u>\$ 652,234</u>	<u>\$ 266,099</u>	<u>\$ 25,498</u>	<u>\$ 117,184</u>	<u>\$2,115,699</u>	<u>\$ 303,848</u>	<u>\$ 246,800</u>	<u>\$2,666,347</u>



PRISON ENTREPRENEURSHIP PROGRAM

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

ORGANIZATIONAL

Prison Entrepreneurship Program (PEP) was organized in 2004 under the California Nonprofit Public Benefit Corporation Law for charitable purposes. Effective December 27, 2018, PEP redomesticated from a California Nonprofit Corporation to a Texas Nonprofit Corporation. Its mission is to unite executives and inmates through entrepreneurial passion and servant leadership to transform lives, restore families and rebuild communities. This enables the inmates to productively re-enter society. This concept of connecting executives and inmates to produce consequential change in society was developed in May 2004.

During 2010, PEP established a wholly-owned subsidiary, Houston Caleb House, LLC (HCH), to purchase property to be used as reliable housing available to participants upon their release. The financial position, results of operations and cash flows of HCH are consolidated with PEP in the consolidated financial statements as of and for the years ended December 31, 2020 and 2019.

During 2011, PEP established a wholly-owned subsidiary, Communitas Ventures, Inc. (CVI), to provide back office support for PEP participant businesses. Activities for CVI commenced in 2013. CVI was organized in the state of Texas as a for-profit company and is subject to income taxes. The financial position, results of operations and cash flows of CVI are consolidated with PEP in the consolidated financial statements as of and for the years ended December 31, 2020 and 2019. CVI is an investor in Communitas Auto Group LLC as more fully described in the Investments note on page 14.

During 2019, PEP established a wholly-owned subsidiary, Entre Capital LLC (Entre) to be a private, commercial lender serving PEP alumni and other re-entry businesses. Entre's lending activities and capital structure, is more fully described in the Social Impact Investing note on page 15. The financial position, results of operations and cash flows of Entre are consolidated with PEP in the consolidated financial statements as of and for the years ended December 31, 2020 and 2019.

PEP, HCH, CVI and Entre are collectively referred to as the Organization.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation - The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and the guidance in Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. All intercompany amounts have been eliminated in consolidation.

Recent Accounting Pronouncements - In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), which is a comprehensive new lease standard that amends various aspects of existing accounting guidance for leases. It will require recognizing lease assets and lease liabilities in the statement of financial position and disclosing key information about leasing arrangements. In June 2020, the FASB voted to delay the effective date for ASU 2016-02 for non-public entities, therefore the ASU will be effective for the Organization for fiscal year 2022. Early adoption is permitted. The Organization is evaluating the impact that this new guidance will have on the consolidated financial statements and related note disclosures.

Reclassifications - Certain amounts from 2019 have been reclassified to conform to the current year presentation.



PRISON ENTREPRENEURSHIP PROGRAM

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Support - The Organization follows the current provisions for contributions received and contributions made. Accordingly, unconditional contributions received are recorded as support with donor restrictions or without donor restrictions depending on the existence and nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or the purpose is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Donated Services - The impact of the Organization is multiplied many times over through the efforts of its executive volunteers and business plan advisors who annually donate significant time to the Organization's mission. Additionally, the Organization's on-unit activities are possible only with the gracious support of the Texas Department of Criminal Justice and its partnership with Management & Training Corporation. No amounts have been recorded in the consolidated financial statements for these services, in accordance with current accounting standards.

Cash - For purposes of the statement of cash flows, the Organization considers as cash, all cash on hand and all highly liquid investments with original maturities of three months or less.

Receivables - Receivables include unconditional promises to give. Promises to give that are expected to be collected in more than a year have been discounted to reduce the expected cash flow to present value. Conditional promises to give are not recorded as contributions until the condition is met.

Promissory notes receivable - Promissory notes receivable include 2nd chance business loans as more fully discussed in the Social Impact Investing note on page 15.

Property and equipment - Acquisitions of property and equipment in excess of \$1,000 are capitalized. Property and equipment is carried at cost, or if donated, at the fair market value at the date of donation. Depreciation is provided using the straight-line method over the estimated useful life of the asset, ranging from 2 to 28 years. Repairs and maintenance are charged to expense as incurred.

Investments in closely held entities - Investments in closely held entities are carried at cost.

Long-Lived Assets - The Organization's long-lived assets are evaluated for impairment in accordance with authoritative guidance which requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable based on expected undiscounted cash flows attributable to that asset. This review requires significant judgments both in assessing events and circumstances as well as estimating future cash flows. Should events indicate that any of the assets are impaired, the amount of such impairment will be measured as the difference between the carrying value and the fair value of the impaired asset and the impairment will be recorded in earnings during the period of such impairment. No impairment was noted during the years ended December 31, 2020 and 2019.

Estimates - The preparation of financial statements with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimated. The most critical estimates are for the realization of receivables, the allocation of expenses by function, and depreciation.



PRISON ENTREPRENEURSHIP PROGRAM

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements - The Organization uses fair value to measure financial assets and liabilities and nonfinancial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The fair value hierarchy establishes and prioritizes fair value measurements into three levels based on the nature of inputs. The hierarchy gives the highest priority to inputs based on data from independent sources (observable inputs - Level 1) and the lowest priority to a reporting entity's internal assumptions based upon the best information available when external market data is limited or unavailable (unobservable inputs - Level 3). If an entity elects the fair value option for an eligible item, changes in that item's fair value in subsequent reporting periods must be recognized in current earnings. The Organization did not elect the fair value option for measurement of any eligible assets or liabilities. The Organization's financial instruments (primarily cash, short-term investments, receivables, payables and long-term debt) are carried in the accompanying statement of financial position at amounts which reasonably approximate fair value.

Federal Income Taxes - PEP is a nonprofit, tax-exempt, charitable organization, under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for federal income tax has been included in these financial statements for PEP or its wholly-owned subsidiaries HCH and Entre. CVI is a for-profit entity subject to income tax. CVI has net operating loss carryforwards of approximately \$26,900; therefore, no provision for income taxes has been recorded. Deferred tax assets related to these net operating loss carryforwards are fully reduced by a valuation allowance as it is uncertain that these deferred tax assets will be realized.

The Organization reviews and assesses its tax positions taken or expected to be taken in its tax returns. Based on this assessment, the Organization determines whether it is more likely than not that the positions would be sustained under examination by the tax authorities. The Organization's assessment has not identified any significant positions that it believes would not be sustained under examination. The Organization is no longer subject to Federal tax examinations by the tax authorities for years before 2017.

Allocation of Expenses - The financial statements report expenses that are attributable to more than one functional classification of expenses (programs, fundraising, and administrative). Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Salary, benefits and payroll taxes are allocated by function based on estimates of time and effort. Other expenses have been allocated by function based on this same percentage. The Organization has four primary programs: prerelease, re-entry, housing and lending. The prerelease program, occurring at the Organization's unit campuses, provides character and entrepreneurship education. The re-entry program for returning citizens provides basic necessities, help securing documents to be legally employable, employment assistance, continuing education, and mentoring by executive volunteers. The housing program provides reliable, below-market housing as participants rebuild their lives following release. The lending program provides commercial lending, financial education and executive mentors to participant entrepreneurs.

Date of Management Review - Subsequent events have been evaluated through June 8, 2021 which is the date the consolidated financial statements were available to be issued. Based on this evaluation, no adjustments are required to the consolidated financial statements.

PRISON ENTREPRENEURSHIP PROGRAM

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

CASH

Cash includes cash at the bank and cash on hand. A summary of cash at December 31 follows:

	2020	2019
Checking and saving	\$1,026,891	\$ 349,362
Sweeps and other	<u>1,391,068</u>	<u>1,074,612</u>
Total	<u>\$2,417,959</u>	<u>\$1,423,974</u>

SHORT-TERM INVESTMENTS

Short-term investments at December 31, 2020 and 2019 consist of publicly traded stocks donated to the Organization in December of each respective year. Soon after donation, the Organization sells any stocks donated. All stocks donated at the end of the year were sold within the first two months of the following year. Short-term investments are considered Level 1 investments.

RECEIVABLES

A summary of receivables at December 31 follows:

	2020	2019
Unconditional promises to give, as discounted	\$ <u>457,786</u>	\$ <u>717,255</u>

Receivables are considered fully collectible, hence no allowance for doubtful accounts is considered necessary. Receivables are expected to be collected as follows:

	Gross	Discount	Net
2021	\$ 277,649	\$ 4,405	\$ 273,244
2022	167,399	989	166,410
2023	7,149	202	6,947
2024	7,148	111	7,037
2025	<u>4,171</u>	<u>23</u>	<u>4,148</u>
	<u>\$ 463,516</u>	<u>\$ 5,730</u>	<u>\$ 457,786</u>

PRISON ENTREPRENEURSHIP PROGRAM

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

PROPERTY AND EQUIPMENT

A summary of property and equipment together with their accumulated depreciation and amortization at December 31 follows:

	<u>2020</u>	<u>2019</u>
Land	\$ 238,747	\$ 238,747
Buildings and leasehold improvements	930,506	930,506
Equipment and furniture	365,259	373,974
Vehicles	<u>95,813</u>	<u>95,813</u>
Total cost or donated value	1,630,325	1,639,040
Less accumulated depreciation and amortization	<u>606,193</u>	<u>526,746</u>
Property and equipment, net	<u>\$1,024,132</u>	<u>\$1,112,294</u>

Depreciation expense amounted to \$92,187 and \$110,410 for the years ending December 31, 2020 and 2019, respectively.

INVESTMENTS IN CLOSELY HELD ENTITIES

A summary of investments in closely held entities at December 31 follows:

	<u>2020</u>	<u>2019</u>
Limited liability company	\$ 13,953	\$ 14,834
Subsidiary	-	-
Total	<u>\$ 13,953</u>	<u>\$ 14,834</u>

The limited liability company (LLC) investment consists of an 11.11% interest in a Texas LLC that was donated to the Organization in 2014. The LLC's primary assets are two mortgages to the Organization. For tax purposes the LLC reports its activities to the taxing authorities as a partnership. At December 31, 2020 and 2019, the carrying value of the investment approximates the Organization's interest in the LLC's equity.

The investment in subsidiary consists of the Organization's 100% common ownership interest in Communitas Auto Group LLC (CAG), an auto repair business. CAG also has two Series A Preferred Shareholders, one of whom is related to the Organization. All capital contributions to CAG were made by the related Preferred Shareholder. Based upon the terms of the CAG Company Agreement, CAG is majority controlled by the Preferred Shareholders. The Organization is accounting for its interest in CAG's common shares on the cost basis, which is zero, as the Organization does not exercise control over CAG. CAG's Company Agreement provides for a redemption of the preferred shares over a five-year period beginning in 2021. CAG is the sole owner of three subsidiary LLC's, each representing an auto repair location. Two locations are in northwest Harris County, Texas and began operations in 2015. The third location is in Montgomery County, Texas and had no operations in 2020 or 2019. The real property for each of the three locations is owned indirectly by the related Preferred Shareholder.

The early 2020 onset of the coronavirus (COVID-19) led to a substantial decrease in store location sales and material increase in ongoing operating losses. The related Preferred Shareholder undertook a comprehensive review of CAG's historical and prospective financial performance and in March 2020 implemented its decision to cease operations at both auto repair locations. The related Preferred Shareholder sold the real and personal property of both locations in 2020.

PRISON ENTREPRENEURSHIP PROGRAM

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

SOCIAL IMPACT INVESTING

Entre is a private commercial lender serving PEP alumni and other re-entry businesses. Entre's capital structure attracts social impact investors to PEP's entrepreneurial mission through a combination of donor advised fund, corporate, public, philanthropic, and individual monies. Entre's vision is to serve the re-entry community as a Community Development Financial Institution (CDFI) and to seek additional leverage and equity capital through banks' Community Reinvestment Act programs. On April 30, 2020, Entre applied for a \$125,000 Technical Assistance grant from the U.S. Department of the Treasury's CDFI Fund. If awarded, the grant will be used to build Entre's organizational capacity for its financing activities and specified development services.

A summary of 2nd chance business loans at December 31, 2020 follows:

PEP alumni businesses	\$ 186,803
Other re-entry business	<u>20,000</u>
Total	<u>\$ 206,803</u>

These loans are comprised of promissory notes from five companies in original principal amounts totaling \$211,808 and are due in monthly installments totaling \$5,225. The notes bear interest at rates from 4% to 7% with maturities through December 2026 and are collateralized by equipment and vehicles. At December 31, 2020, Entre had a commitment to fund an additional \$30,000 at a 5% interest rate to one of the companies subject to the company meeting certain operational conditions.

Entre pairs each borrower with a volunteer mentor to mitigate credit risk. The five promissory notes are considered fully collectible, hence no allowance for loan losses is considered necessary.

The promissory notes are expected to be collected as follows:

	Principal	Interest	Total
2021	\$ 50,217	\$ 9,098	\$ 59,315
2022	56,361	6,339	62,700
2023	51,020	3,489	54,509
2024	34,952	1,468	36,420
2025	10,236	480	10,716
Later	<u>4,017</u>	<u>47</u>	<u>4,064</u>
	<u>\$ 206,803</u>	<u>\$ 20,921</u>	<u>\$ 227,724</u>

A summary of social impact investor loans at December 31 follows:

	2020	2019
Donor advised funds	\$ 177,322	\$ -
Companies	18,600	18,750
Individuals	<u>39,680</u>	<u>40,000</u>
Total	<u>\$ 235,602</u>	<u>\$ 58,750</u>

The loans from social impact investors are notes payable in original principal amounts totaling \$237,500 and are due in annual principal installments equal to the principal collections of the underlying promissory notes. The notes bear interest at 3% and mature January 2025. The loans from social impact investors are uncollateralized and are nonrecourse to Entre and the Organization.

PRISON ENTREPRENEURSHIP PROGRAM

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

SOCIAL IMPACT INVESTING (CONTINUED)

The minimum future payments on the notes payable are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 48,712	\$ 7,068	\$ 55,780
2022	56,123	5,607	61,730
2023	52,049	3,923	55,972
2024	37,906	2,361	40,267
2025	10,194	1,224	11,418
Thereafter	<u>30,618</u>	<u>496</u>	<u>31,114</u>
Total	<u>\$ 235,602</u>	<u>\$ 20,679</u>	<u>\$ 256,281</u>

LONG-TERM DEBT

Mortgages

A summary of transition home mortgage debt at December 31 follows:

	<u>2020</u>	<u>2019</u>
Mortgage payable in the original principal amount of \$311,120, due in monthly installments of \$1,895 and one balloon payment of \$257,263; bearing interest at 4%; maturing February 1, 2024	\$ 291,961	\$ 302,587
Mortgage payable in the original principal amount of \$100,000, due in monthly installments of \$702 and one balloon payment of \$64,662; bearing interest at 5.75%; maturing May 10, 2022	70,404	74,648
Mortgage payable in the original principal amount of \$74,000, due in monthly installments of \$520 and one balloon payment of \$47,850; bearing interest at 5.75%; maturing May 10, 2022	<u>52,099</u>	<u>55,239</u>
Total	<u>\$ 414,464</u>	<u>\$ 432,474</u>

The mortgages payable are collateralized by the Organization's real property with a net carrying value of \$627,495 and \$654,032 at December 31, 2020 and 2019, respectively.

The minimum future payments on the notes payable are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 18,920	\$ 18,475	\$ 37,395
2022	126,243	14,425	140,668
2023	12,037	10,699	22,736
2024	<u>257,264</u>	<u>1,769</u>	<u>259,033</u>
Total	<u>\$ 414,464</u>	<u>\$ 45,368</u>	<u>\$ 459,832</u>

PRISON ENTREPRENEURSHIP PROGRAM

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

LONG-TERM DEBT (CONTINUED)

Paycheck Protection Program Loan

On April 10, 2020, PEP entered into a note payable agreement with a bank for \$315,492 under the Paycheck Protection Program (PPP). The PPP was established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act") and is administered by the Small Business Administration (SBA). The PPP provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable provided the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its employment levels. The amount of loan forgiveness will be reduced if the borrower reduces employment or reduces salaries. PEP is accounting for the potential forgiveness of the loan in accordance with ASC 405-20-40-1, where the proceeds from the loan are recorded as a liability until either (1) the loan is, in part or wholly forgiven and the debtor has been "legally released" or (2) the debtor pays off the creditor. As discussed in the Subsequent Events note on page 20, the PPP loan was wholly forgiven on January 19, 2021.

NET ASSETS

A summary of net assets with donor restrictions at December 31 follows:

	<u>2020</u>	<u>2019</u>
Time restricted	\$ 457,786	\$ 717,255
Purpose restricted	<u>440,000</u>	<u>90,765</u>
Total	<u>\$ 897,786</u>	<u>\$ 808,020</u>

A summary of net assets without donor restrictions at December 31 follows:

	<u>2020</u>	<u>2019</u>
Unrestricted	<u>\$2,300,320</u>	<u>\$1,681,602</u>

SUPPORT

A summary of donations recognized during the years ended December 31 follows:

	<u>2020</u>	<u>2019</u>
Foundations	\$ 1,286,803	\$ 1,215,534
Individuals and participants	930,412	517,567
Corporations	181,547	282,066
Churches	71,463	58,500
Board members	<u>308,869</u>	<u>240,575</u>
Total	<u>\$ 2,779,094</u>	<u>\$ 2,314,242</u>



PRISON ENTREPRENEURSHIP PROGRAM

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

IN-KIND SUPPORT

A summary of in-kind support recognized during the years ended December 31 follows:

	<u>2020</u>	<u>2019</u>
Stock contributed from Board members	\$ 18,492	\$ 10,359
Professional services and supplies	15,336	4,165
Property and equipment	981	23,400
Stock contributed from individuals	<u>210,112</u>	<u>6,755</u>
Total in-kind support	<u>\$ 244,921</u>	<u>\$ 44,679</u>

Contributed stocks not sold during the year contributed are included in short-term investments in the consolidated statements of financial position in 2020 and 2019.

RELEASES

Net assets with donor restrictions have been released from the related restriction by the collection of donations receivable or by making specific expenditures.

OTHER REVENUE AND EXPENSE

In 2017, the Organization launched a pilot program for women modeling the curriculum, values and services of its successful unit program for men. Based on the experience of the pilot initiative, the Organization determined the unique needs of women were best served by and through a separate nonprofit entity wholly-dedicated to them. In 2019, the Organization worked with a group of interested individuals including several female Organization volunteers and the Organization's former CEO, all of whom desired to establish an independent, nonprofit entity to serve women. Based on the Organization's desire to be supportive to these founding parties in launching the independent entity, on September 6, 2019, the Organization entered into an assistance agreement with the independent entity whereby the Organization would transfer certain staff and unit-specific equipment and also provide intellectual property and staff training once the independent entity met specified conditions. Additionally, the remaining balance of donations restricted to women's programs would be transferred to the independent entity once the foundation donors approved the transfers and released the Organization from ongoing grant requirements. As of December 31, 2019, the Organization had an outstanding liability related to the women's pilot program of \$110,807 offset by equipment with a net carrying value of \$20,042. This liability is included in accounts payable and accrued liabilities on the consolidated statements of financial position. In 2020, the independent entity met the specified conditions, and the Organization secured the approval of three foundation donors. Accordingly, the Organization transferred control of the pilot program to the independent entity along with staff, specified equipment and cash of \$82,095. For 2020 and 2019, the activities of the pilot women's program have been presented as Other Revenue and Expense. A summary of the Other Expense included in the consolidated statements of activities follows:

	<u>2020</u>	<u>2019</u>
Program service	\$ -	\$ 96,503
Administrative and other	500	32,086
Designated donations	-	<u>90,765</u>
	<u>\$ 500</u>	<u>\$ 219,354</u>

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PRISON ENTREPRENEURSHIP PROGRAM

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

LEASE AGREEMENTS

The Organization has entered into non-cancelable operating lease agreements for the rental of its office facilities and certain equipment. Minimum future rentals, on an annual basis, for the years ended December 31 follows:

<u>Year ending</u>	<u>Facilities</u>	<u>Equipment</u>
2021	\$ 91,797	\$ 13,565
2022	128,507	3,391
2023	139,808	-
2024	139,808	-
2025	139,808	-
Thereafter	<u>93,205</u>	<u>-</u>
Total	<u>\$ 732,933</u>	<u>\$ 16,956</u>

Lease expenses during 2020 and 2019 amounted to \$163,137 and \$160,045, respectively. These amounts are included in contractual services and property lease in the accompanying consolidated statements of expenses.

LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization's working capital and cash flows have seasonal variation during the year attributable to a concentration of contributions received near calendar year-end. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, the Organization may invest cash in excess of daily requirements in short-term investments.

Financial assets available within one year of the consolidated statements of financial position are reduced by amounts not available for general use within one year because of expected collection dates beyond one year, donor-imposed restrictions and internal designations. A summary of available financial assets at December 31 follows:

	<u>2020</u>	<u>2019</u>
Financial assets		
Cash	\$ 2,417,959	\$ 1,423,974
Short-term investments	205,046	310
Receivables	457,786	717,255
Promissory notes receivable	206,803	-
Less		
Receivables due in more than one year	(184,542)	(363,523)
Promissory notes receivable due in more than one year	(156,586)	-
Donor restricted for specific purposes	<u>(440,000)</u>	<u>(90,765)</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 2,506,466</u>	<u>\$ 1,687,251</u>



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PRISON ENTREPRENEURSHIP PROGRAM

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

EMPLOYEE BENEFIT PLAN

Organization employees who meet minimum qualifications for annual earnings and length of employment are eligible to participate in the Organization's SIMPLE IRA plan with the Organization matching each participating employee's contribution up to 3% of the employee's compensation. All plan assets are participant directed. For the years ended December 31, 2020 and 2019, the Organization's match was \$32,618 and \$28,322, respectively.

RELATED PARTY TRANSACTIONS

During 2017, the Organization entered into a contract with a company providing an online donation platform, one of whose managers is related to the Organization. The company collected cash donations and event revenue for a fee equal to credit card processing. In-kind support was collected for a fee equal to a 20% markup over the Organization's cost of the in-kind item. This online donation platform ceased operation during 2019. For the year ended 2019, the Organization recognized revenue and expense for transactions with this company as follows:

Support	\$	175
In-kind support		<u>855</u>
Total support and revenue	\$	<u>1,030</u>
Fees incurred	\$	<u>148</u>

CONCENTRATION OF CREDIT RISK

The Organization maintains most of its cash at two banks. The bank balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Organization had no uninsured cash balances at December 31, 2019. At December 31, 2020 the Organization's uninsured cash balances at the banks approximated \$1,429,000. The Organization has placed its cash balances with high credit quality financial institutions and does not anticipate any losses with respect to uninsured cash balances.

SUBSEQUENT EVENTS

On January 19, 2021, the SBA in alignment with its PPP regulations and guidance forgave the Organization's PPP loan. In connection with this forgiveness, PEP recorded revenue of \$315,492 in 2021.

On June 25, 2021, the Organization entered into a five-year, non-cancelable lease agreement for the rental of facilities for its office space, volunteer center and participant business incubator in Houston's East End Maker Hub. The Organization believes this facility offers significant participant training opportunities through the facility's anchor tenant, TXRX Labs. The Lease Agreements note on page 19 reflects this commitment.

Subsequent events have been evaluated through June 8, 2021 which is the date the consolidated financial statements were available to be issued. Based on this evaluation, no adjustments are required to the consolidated financial statements.

Prison Entrepreneurship Program
Consolidating Statement of Financial Position
December 31, 2020

	<u>PEP</u>	<u>HCH</u>	<u>CVI</u>	<u>Entre</u>	<u>Eliminations</u>	<u>Consolidated</u>
Assets						
Cash	\$ 2,255,690	\$ 117,644	\$ 21,403	\$ 23,222	\$ -	\$ 2,417,959
Short-term investments	205,046	-	-	-	-	205,046
Receivables						
Donations	457,786	-	-	-	-	457,786
2nd chance loans	-	-	-	206,803	-	206,803
Subsidiaries	199,892	-	-	-	(199,892)	-
Prepays, deposits, and other	57,450	8,648	-	3,846	-	69,944
Property and equipment, net	110,825	913,307	-	-	-	1,024,132
Investments in closely held entities	595,089	-	-	-	(581,136)	13,953
Total Assets	<u>\$ 3,881,778</u>	<u>\$ 1,039,599</u>	<u>\$ 21,403</u>	<u>\$ 233,871</u>	<u>\$ (781,028)</u>	<u>\$ 4,395,623</u>
Liabilities						
Accounts payable and accrued liabilities	\$ 36,982	\$ 200,324	\$ 47,445	\$ 1,770	\$ (199,892)	\$ 86,629
Accrued salaries and payroll taxes	145,330	-	-	-	-	145,330
Long-term debt						
Due currently	-	18,920	-	48,712	-	67,632
Due afterwards						
Transition home mortgages	-	395,544	-	-	-	395,544
Social impact investor loans	-	-	-	186,890	-	186,890
Paycheck Protection Program Loan	315,492	-	-	-	-	315,492
Total Liabilities	<u>497,804</u>	<u>614,788</u>	<u>47,445</u>	<u>237,372</u>	<u>(199,892)</u>	<u>1,197,517</u>
Net Assets						
With donor restrictions	897,786	-	-	-	-	897,786
Without donor restrictions	2,487,188	424,811	(26,042)	(3,501)	(582,136)	2,300,320
Total Net Assets	<u>3,384,974</u>	<u>424,811</u>	<u>(26,042)</u>	<u>(3,501)</u>	<u>(582,136)</u>	<u>3,198,106</u>
Total Liabilities and Net Assets	<u>\$ 3,882,778</u>	<u>\$ 1,039,599</u>	<u>\$ 21,403</u>	<u>\$ 233,871</u>	<u>\$ (782,028)</u>	<u>\$ 4,395,623</u>

Prison Entrepreneurship Program
Consolidating Statement of Financial Position
December 31, 2019

	<u>PEP</u>	<u>HCH</u>	<u>CVI</u>	<u>Entre</u>	<u>Eliminations</u>	<u>Consolidated</u>
Assets						
Cash	\$ 1,293,194	\$ 66,418	\$ 19,262	\$ 45,100	\$ -	\$ 1,423,974
Short-term investments	310	-	-	-	-	310
Receivables						
Donations	717,255	-	-	-	-	717,255
Subsidiaries	170,920	-	-	-	(170,920)	-
Prepays, deposits, and other	71,226	9,246	-	5,000	-	85,472
Property and equipment, net	164,544	947,750	-	-	-	1,112,294
Investments in closely held entities	543,470	-	-	-	(528,636)	14,834
Total Assets	<u>\$ 2,960,919</u>	<u>\$ 1,023,414</u>	<u>\$ 19,262</u>	<u>\$ 50,100</u>	<u>\$ (699,556)</u>	<u>\$ 3,354,139</u>
Liabilities						
Accounts payable and accrued liabilities	\$ 213,316	\$ 165,982	\$ 43,287	\$ 736	\$ (170,920)	\$ 252,401
Accrued salaries and payroll taxes	120,892	-	-	-	-	120,892
Long-term debt						
Due currently	-	18,011	-	-	-	18,011
Due afterwards						
Transition home mortgages	-	414,463	-	-	-	414,463
Social impact investor loans	18,750	-	-	40,000	-	58,750
Total Liabilities	<u>352,958</u>	<u>598,456</u>	<u>43,287</u>	<u>40,736</u>	<u>(170,920)</u>	<u>864,517</u>
Net Assets						
With donor restrictions	808,020	-	-	-	-	808,020
Without donor restrictions	1,800,941	424,958	(24,025)	9,364	(529,636)	1,681,602
Total Net Assets	<u>2,608,961</u>	<u>424,958</u>	<u>(24,025)</u>	<u>9,364</u>	<u>(529,636)</u>	<u>2,489,622</u>
Total Liabilities and Net Assets	<u>\$ 2,961,919</u>	<u>\$ 1,023,414</u>	<u>\$ 19,262</u>	<u>\$ 50,100</u>	<u>\$ (700,556)</u>	<u>\$ 3,354,139</u>

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The accompanying notes are an integral part of these financial statements.

**Prison Entrepreneurship Program
Consolidating Statement of Activities
For the Year Ended December 31, 2020**

	<u>PEP</u>	<u>HCH</u>	<u>CVI</u>	<u>Entre</u>	<u>Eliminations</u>	<u>Consolidated</u>
Support and Revenue						
Support	\$ 2,779,094	\$ -	\$ -	\$ -	\$ -	\$ 2,779,094
Rental income	-	234,675	-	-	(20,300)	214,375
Interest and other income	23,876	-	2,150	2,063	-	28,089
In-kind support	<u>244,921</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>244,921</u>
Total support and revenue	3,047,891	234,675	2,150	2,063	(20,300)	3,266,479
Operating Expenses						
Program	1,717,249	271,487	4,167	30,763	(20,300)	2,003,366
Fundraising	332,808	-	-	-	-	332,808
Administrative	<u>221,321</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>221,321</u>
Total expenses	<u>2,271,378</u>	<u>271,487</u>	<u>4,167</u>	<u>30,763</u>	<u>(20,300)</u>	<u>2,557,495</u>
Net operating	<u>776,513</u>	<u>(36,812)</u>	<u>(2,017)</u>	<u>(28,700)</u>	<u>-</u>	<u>708,984</u>
Other Revenue and Expenses						
Revenue	-	-	-	-	-	-
Expense	<u>(500)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(500)</u>
Net other	<u>(500)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(500)</u>
Increase (Decrease) in Net Assets	776,013	(36,812)	(2,017)	(28,700)	-	708,484
Net Assets						
Beginning of year	2,608,961	424,958	(24,025)	9,364	(529,636)	2,489,622
Contributions	<u>-</u>	<u>36,665</u>	<u>-</u>	<u>15,835</u>	<u>(52,500)</u>	<u>-</u>
End of year	<u>\$ 3,384,974</u>	<u>\$ 424,811</u>	<u>\$ (26,042)</u>	<u>\$ (3,501)</u>	<u>\$ (582,136)</u>	<u>\$ 3,198,106</u>

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The accompanying notes are an integral part of these financial statements.

**Prison Entrepreneurship Program
Consolidating Statement of Activities
For the Year Ended December 31, 2019**

	<u>PEP</u>	<u>HCH</u>	<u>CVI</u>	<u>Entre</u>	<u>Eliminations</u>	<u>Consolidated</u>
Support and Revenue						
Support	\$ 2,314,242	\$ -	\$ -	\$ -	\$ -	\$ 2,314,242
Rental income	-	223,913	-	-	(26,800)	197,113
Interest and other income	34,645	-	4,471	-	-	39,116
In-kind support	<u>44,679</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>44,679</u>
Total support and revenue	2,393,566	223,913	4,471	-	(26,800)	2,595,150
Operating Expenses						
Program	1,904,203	230,827	7,469	-	(26,800)	2,115,699
Fundraising	303,848	-	-	-	-	303,848
Administrative	<u>246,064</u>	<u>-</u>	<u>-</u>	<u>736</u>	<u>-</u>	<u>246,800</u>
Total expenses	<u>2,454,115</u>	<u>230,827</u>	<u>7,469</u>	<u>736</u>	<u>(26,800)</u>	<u>2,666,347</u>
Net operating	<u>(60,549)</u>	<u>(6,914)</u>	<u>(2,998)</u>	<u>(736)</u>	<u>-</u>	<u>(71,197)</u>
Other Revenue and Expenses						
Revenue	19,554	-	-	-	-	19,554
Expense	<u>(219,354)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(219,354)</u>
Net other	<u>(199,800)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(199,800)</u>
Decrease in Net Assets	(260,349)	(6,914)	(2,998)	(736)	-	(270,997)
Net Assets						
Beginning of year	2,869,310	205,453	(21,027)	-	(293,117)	2,760,619
Contributions	<u>-</u>	<u>226,419</u>	<u>-</u>	<u>10,100</u>	<u>(236,519)</u>	<u>-</u>
End of year	<u>\$ 2,608,961</u>	<u>\$ 424,958</u>	<u>\$ (24,025)</u>	<u>\$ 9,364</u>	<u>\$ (529,636)</u>	<u>\$ 2,489,622</u>

prison
entrepreneurship
program

The accompanying notes are an integral part of these financial statements.