

# **People's City Mission**

Independent Auditor's Report and  
Consolidated Financial Statements

December 31, 2015 and 2014



# People's City Mission

## December 31, 2015 and 2014

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## Independent Auditor's Report

Board of Directors  
People's City Mission  
Lincoln, Nebraska

We have audited the accompanying consolidated financial statements of People's City Mission, which comprise the consolidated statements of financial position as of December 31, 2015 and 2014, and the related consolidated statements of activities, cash flows and functional 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.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these consolidated 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 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 financial position of People's City Mission as of December 31, 2015 and 2014, 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.

***Other Matter***

Our audits were conducted for the purpose of forming an opinion on the basic consolidated financial statements as a whole. The accompanying supplementary consolidating information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the basic consolidated financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

***BKD, LLP***

Lincoln, Nebraska  
April 28, 2016

**People's City Mission**  
**Consolidated Statements of Financial Position**  
**December 31, 2015 and 2014**

**Assets**

| <b>Assets</b>   | <b>2015</b>         | <b>2014</b>         |
|---|---------------------|---------------------|
| Cash and cash equivalents   | \$ 308,090          | \$ 282,084          |
| Bequests and other receivables  | 75,867              | 149,804             |
| Grant reimbursements receivable   | 122,303             | 94,333              |
| Inventories   | 485,309             | 531,616             |
| Prepaid expenses  | 24,353              | 21,410              |
| Investments   | 918,737             | 965,289             |
| Investment in Curtis Center Housing, LP   | 95,693              | 16,266              |
| Beneficial interest in perpetual and remainder trusts   | 167,517             | 107,491             |
| Other   | 87,880              | 89,930              |
| Property and equipment, net of accumulated depreciation of \$2,791,774 and \$2,591,228 in 2015 and 2014, respectively | <u>2,832,789</u>    | <u>2,846,669</u>    |
| Total assets  | <u>\$ 5,118,538</u> | <u>\$ 5,104,892</u> |

**Liabilities and Net Assets**

|                                  |                     |                     |
|----------------------------------|---------------------|---------------------|
| <b>Liabilities</b>               |                     |                     |
| Accounts payable                 | \$ 226,600          | \$ 209,343          |
| Accrued expenses                 | 140,295             | 109,611             |
| Line of credit                   | -                   | 439,932             |
| Long-term debt                   | <u>646,569</u>      | <u>694,342</u>      |
| Total liabilities                | <u>1,013,464</u>    | <u>1,453,228</u>    |
| <b>Net Assets</b>                |                     |                     |
| Unrestricted                     | 3,905,181           | 3,510,797           |
| Temporarily restricted           | 143,900             | 79,534              |
| Permanently restricted           | <u>55,993</u>       | <u>61,333</u>       |
| Total net assets                 | <u>4,105,074</u>    | <u>3,651,664</u>    |
| Total liabilities and net assets | <u>\$ 5,118,538</u> | <u>\$ 5,104,892</u> |

**People's City Mission**  
**Consolidated Statements of Activities**  
**Years Ended December 31, 2015 and 2014**

|  | 2015                |                           |                           | Total               |
|--|---------------------|---------------------------|---------------------------|---------------------|
|  | Unrestricted        | Temporarily<br>Restricted | Permanently<br>Restricted |                     |
| <b>Revenues, Gains and Other Support</b> |                     |                           |                           |                     |
| Contributions                            | \$ 2,984,593        | \$ 67,619                 | \$ -                      | \$ 3,052,212        |
| In-kind contributions                    | 9,115,175           | -                         | -                         | 9,115,175           |
| Veterans housing fees                    | 439,611             | -                         | -                         | 439,611             |
| Grants                                   | 365,064             | 15,000                    | -                         | 380,064             |
| Clothing recycling                       | 552,893             | -                         | -                         | 552,893             |
| Other                                    | 157,292             | -                         | -                         | 157,292             |
| Net assets released from restrictions    | 16,000              | (16,000)                  | -                         | -                   |
|  | <u>13,630,628</u>   | <u>66,619</u>             | <u>-</u>                  | <u>13,697,247</u>   |
| <b>Expenses and Losses</b>               |                     |                           |                           |                     |
| Men's Shelter                            | 551,609             | -                         | -                         | 551,609             |
| Family and Women's Shelter               | 752,999             | -                         | -                         | 752,999             |
| Food Service                             | 916,304             | -                         | -                         | 916,304             |
| Homeless Prevention Center               | 8,239,273           | -                         | -                         | 8,239,273           |
| Medical Clinic                           | 821,940             | -                         | -                         | 821,940             |
| Transitional                             | 324,075             | -                         | -                         | 324,075             |
| Recycling                                | 365,116             | -                         | -                         | 365,116             |
|  | <u>11,971,316</u>   | <u>-</u>                  | <u>-</u>                  | <u>11,971,316</u>   |
| Total program services                   | 11,971,316          | -                         | -                         | 11,971,316          |
| Management and general                   | 870,152             | -                         | -                         | 870,152             |
| Fund raising                             | 402,230             | -                         | -                         | 402,230             |
|  | <u>13,243,698</u>   | <u>-</u>                  | <u>-</u>                  | <u>13,243,698</u>   |
| <b>Operating Income (Loss)</b>           | 386,930             | 66,619                    | -                         | 453,549             |
| <b>Nonoperating - Investment Return</b>  | 7,454               | (2,253)                   | (5,340)                   | (139)               |
| <b>Change in Net Assets</b>              | 394,384             | 64,366                    | (5,340)                   | 453,410             |
| <b>Net Assets, Beginning of Year</b>     | 3,510,797           | 79,534                    | 61,333                    | 3,651,664           |
| <b>Net Assets, End of Year</b>           | <u>\$ 3,905,181</u> | <u>\$ 143,900</u>         | <u>\$ 55,993</u>          | <u>\$ 4,105,074</u> |

See Notes to Consolidated Financial Statements

| 2014         |                           |                           |              |
|--------------|---------------------------|---------------------------|--------------|
| Unrestricted | Temporarily<br>Restricted | Permanently<br>Restricted | Total        |
| \$ 2,248,154 | \$ -                      | \$ -                      | \$ 2,248,154 |
| 8,412,344    | -                         | -                         | 8,412,344    |
| 437,229      | -                         | -                         | 437,229      |
| 303,957      | 17,000                    | -                         | 320,957      |
| 462,219      | -                         | -                         | 462,219      |
| 138,867      | -                         | -                         | 138,867      |
| 17,000       | (17,000)                  | -                         | -            |
| 12,019,770   | -                         | -                         | 12,019,770   |
| 480,071      | -                         | -                         | 480,071      |
| 669,863      | -                         | -                         | 669,863      |
| 979,019      | -                         | -                         | 979,019      |
| 7,900,830    | -                         | -                         | 7,900,830    |
| 613,822      | -                         | -                         | 613,822      |
| 343,062      | -                         | -                         | 343,062      |
| -            | -                         | -                         | -            |
| 10,986,667   | -                         | -                         | 10,986,667   |
| 867,836      | -                         | -                         | 867,836      |
| 408,434      | -                         | -                         | 408,434      |
| 12,262,937   | -                         | -                         | 12,262,937   |
| (243,167)    | -                         | -                         | (243,167)    |
| 48,430       | 1,467                     | (752)                     | 49,145       |
| (194,737)    | 1,467                     | (752)                     | (194,022)    |
| 3,705,534    | 78,067                    | 62,085                    | 3,845,686    |
| \$ 3,510,797 | \$ 79,534                 | \$ 61,333                 | \$ 3,651,664 |

**People's City Mission**  
**Consolidated Statements of Cash Flows**  
**Years Ended December 31, 2015 and 2014**

|   | <b>2015</b>       | <b>2014</b>       |
|---|-------------------|-------------------|
| <b>Operating Activities</b>                                     |                   |                   |
| Change in net assets  | \$ 453,410        | \$ (194,022)      |
| Items not requiring (providing) operating activities cash flows |                   |                   |
| Change in contributed inventories                               | 46,307            | (49,534)          |
| Depreciation  | 200,546           | 188,088           |
| (Gain) loss on disposal of property and equipment               | 396               | (1,524)           |
| Net realized and unrealized (gain) loss on investments          | 3,606             | (34,022)          |
| Gain on beneficial interest in perpetual and remainder trusts   | (60,026)          | (715)             |
| Contributions of long-lived and other assets                    | (227,170)         | (60,285)          |
| Equity in undistributed loss of Curtis Center Housing, LP       | 42                | -                 |
| Changes in  |                   |                   |
| Bequests and other receivables                                  | 73,937            | (104,263)         |
| Grant reimbursements receivable                                 | (27,970)          | 36,952            |
| Prepaid expenses  | (2,943)           | 730               |
| Other assets  | 62,335            | (1,300)           |
| Accounts payable and accrued expenses                           | 47,941            | 108,038           |
|   | <u>570,411</u>    | <u>(111,857)</u>  |
| Net cash provided by (used in) operating activities             |                   |                   |
| <b>Investing Activities</b>                                     |                   |                   |
| Purchase of property and equipment                              | (99,817)          | (28,090)          |
| Purchase of investments   | (665,668)         | (2,457)           |
| Proceeds from sales of investments                              | 708,614           | 12,741            |
| Proceeds from sales of property and equipment                   | 171               | 1,991             |
|   | <u>(56,700)</u>   | <u>(15,815)</u>   |
| Net cash used in investing activities                           |                   |                   |
| <b>Financing Activities</b>                                     |                   |                   |
| Proceeds from line of credit (greater than three months)        | 1,502,500         | 1,209,000         |
| Payments on line of credit (greater than three months)          | (1,942,432)       | (1,036,753)       |
| Proceeds from issuance of note payable                          | -                 | 16,500            |
| Principal payments on notes payable                             | (41,296)          | (36,904)          |
| Principal payments under capital lease obligations              | (6,477)           | (2,836)           |
|   | <u>(487,705)</u>  | <u>149,007</u>    |
| Net cash provided by (used in) financing activities             |                   |                   |
| <b>Increase in Cash and Cash Equivalents</b>                    | 26,006            | 21,335            |
| <b>Cash and Cash Equivalents, Beginning of Year</b>             | <u>282,084</u>    | <u>260,749</u>    |
| <b>Cash and Cash Equivalents, End of Year</b>                   | <u>\$ 308,090</u> | <u>\$ 282,084</u> |
| <b>Supplemental Cash Flows Information</b>                      |                   |                   |
| Interest paid   | \$ 51,488         | \$ 55,123         |
| Long-term debt incurred for purchase of property and equipment  | \$ -              | \$ 20,100         |
| Long-lived assets contributed to Curtis Center Housing, LP      | \$ 79,469         | \$ -              |



**People's City Mission**  
**Consolidated Statement of Functional Expenses**  
**Year Ended December 31, 2015**

|  | <b>Men's<br/>Shelter</b> | <b>Family &amp;<br/>Women's<br/>Shelter</b> | <b>Food<br/>Service</b> | <b>Homeless<br/>Prevention<br/>Center</b> |
|--|--------------------------|---|-------------------------|---|
| Salaries                                     | \$ 271,794               | \$ 343,583                                  | \$ 93,379               | \$ 341,240                                |
| Employee benefits                            | 93,663                   | 69,630                                      | 15,416                  | 39,340                                    |
| Payroll taxes                                | 22,223                   | 27,706                                      | 6,761                   | 26,217                                    |
| <br>   |                          |   |                         |   |
| Total salaries and related expenses          | 387,680                  | 440,919                                     | 115,556                 | 406,797                                   |
| <br>   |                          |   |                         |   |
| Professional and consulting fees             | -                        | -   | -                       | -   |
| Bank fees                                    | -                        | -   | -                       | -   |
| Supplies                                     | 15,694                   | 69,641                                      | 252,171                 | 7,085                                     |
| Telephone                                    | 3,366                    | 5,299                                       | 854                     | 7,897                                     |
| Postage and shipping                         | -                        | 18  | -                       | -   |
| Occupancy                                    | 16,877                   | 66,148                                      | 10,268                  | 166,488                                   |
| Rent and maintenance of equipment            | 7,648                    | 19,161                                      | 769                     | 28,944                                    |
| Printing and publications                    | -                        | -   | -                       | -   |
| Advertising                                  | -                        | -   | -                       | -   |
| Travel                                       | 43                       | 1,356                                       | 113                     | 6,856                                     |
| Conferences and conventions                  | 442                      | 1,137                                       | -                       | 575                                       |
| Bad debt                                     | -                        | -   | -                       | -   |
| Custodial and investment advisory fees       | -                        | -   | -                       | -   |
| Interest expense                             | 12,496                   | 12,497                                      | -                       | 12,892                                    |
| Special events                               | -                        | -   | -                       | -   |
| Specific assistance to individuals           | 351                      | 747   | -                       | -   |
| Specific assistance to individuals - in-kind | 2,001                    | 7,150                                       | 535,547                 | 7,589,761                                 |
| Other program expenses                       | 99                       | -   | -                       | 242                                       |
| Membership                                   | -                        | 90  | -                       | -   |
| Insurance                                    | 13,389                   | 35,509                                      | 1,026                   | 9,631                                     |
| Miscellaneous                                | 274                      | 2,078                                       | -                       | 100                                       |
| <br>   |                          |   |                         |   |
| Total expenses before depreciation           | 460,360                  | 661,750                                     | 916,304                 | 8,237,268                                 |
| <br>   |                          |   |                         |   |
| Depreciation                                 | 91,249                   | 91,249                                      | -                       | 2,005                                     |
| <br>   |                          |   |                         |   |
| Total expenses                               | <u>\$ 551,609</u>        | <u>\$ 752,999</u>                           | <u>\$ 916,304</u>       | <u>\$ 8,239,273</u>                       |

See Notes to Consolidated Financial Statements

| <b>Medical<br/>Clinic</b> | <b>Transitional</b> | <b>Recycling</b>  | <b>Total<br/>Program<br/>Services</b> | <b>Management<br/>and<br/>General</b> | <b>Fund<br/>Raising</b> | <b>Total<br/>Expenses</b> |
|---------------------------|---------------------|-------------------|---------------------------------------|---------------------------------------|-------------------------|---------------------------|
| \$ 597,439                | \$ 151,027          | \$ 148,778        | \$ 1,947,240                          | \$ 274,169                            | \$ 184,006              | \$ 2,405,415              |
| 6,654                     | 31,945              | 38,700            | 295,348                               | 53,909                                | 38,803                  | 388,060                   |
| 5,818                     | 12,149              | 11,990            | 112,864                               | 21,482                                | 13,893                  | 148,239                   |
| 609,911                   | 195,121             | 199,468           | 2,355,452                             | 349,560                               | 236,702                 | 2,941,714                 |
| 7,237                     | -                   | 3,320             | 10,557                                | 58,608                                | 181                     | 69,346                    |
| -                         | -                   | -                 | -                                     | 17,965                                | -                       | 17,965                    |
| 25,165                    | -                   | 43,192            | 412,948                               | 7,519                                 | 6,199                   | 426,666                   |
| 3,308                     | -                   | 1,202             | 21,926                                | 4,611                                 | 3,119                   | 29,656                    |
| 248                       | -                   | -                 | 266                                   | 1,028                                 | 4,540                   | 5,834                     |
| 9,505                     | 125,159             | 5,095             | 399,540                               | 5,582                                 | 286                     | 405,408                   |
| 8,619                     | -                   | 41,477            | 106,618                               | 14,489                                | 30,435                  | 151,542                   |
| -                         | -                   | -                 | -                                     | -                                     | 59,065                  | 59,065                    |
| 240                       | -                   | -                 | 240                                   | 314,333                               | -                       | 314,573                   |
| 442                       | 851                 | 12,777            | 22,438                                | 2,459                                 | 1,582                   | 26,479                    |
| 54                        | -                   | 37                | 2,245                                 | 2,333                                 | 3,941                   | 8,519                     |
| -                         | -                   | -                 | -                                     | 27,910                                | -                       | 27,910                    |
| -                         | -                   | -                 | -                                     | 9,509                                 | -                       | 9,509                     |
| -                         | -                   | 1,262             | 39,147                                | 12,496                                | -                       | 51,643                    |
| -                         | -                   | -                 | -                                     | -                                     | 45,120                  | 45,120                    |
| -                         | -                   | -                 | 1,098                                 | -                                     | -                       | 1,098                     |
| 125,238                   | -                   | -                 | 8,259,697                             | -                                     | -                       | 8,259,697                 |
| 19,007                    | -                   | -                 | 19,348                                | -                                     | 500                     | 19,848                    |
| -                         | -                   | -                 | 90                                    | -                                     | 3,541                   | 3,631                     |
| 10,544                    | -                   | 6,680             | 76,779                                | 15,254                                | 2,960                   | 94,993                    |
| 2,422                     | 2,944               | 48,601            | 56,419                                | 16,469                                | 48                      | 72,936                    |
| 821,940                   | 324,075             | 363,111           | 11,784,808                            | 860,125                               | 398,219                 | 13,043,152                |
| -                         | -                   | 2,005             | 186,508                               | 10,027                                | 4,011                   | 200,546                   |
| <u>\$ 821,940</u>         | <u>\$ 324,075</u>   | <u>\$ 365,116</u> | <u>\$ 11,971,316</u>                  | <u>\$ 870,152</u>                     | <u>\$ 402,230</u>       | <u>\$ 13,243,698</u>      |

**People's City Mission**  
**Consolidated Statement of Functional Expenses**  
**Year Ended December 31, 2014**

|  | <b>Men's<br/>Shelter</b> | <b>Family &amp;<br/>Women's<br/>Shelter</b> | <b>Food<br/>Service</b> | <b>Homeless<br/>Prevention<br/>Center</b> |
|--|--------------------------|---|-------------------------|---|
| Salaries                                     | \$ 231,173               | \$ 301,408                                  | \$ 117,798              | \$ 395,893                                |
| Employee benefits                            | 67,689                   | 67,362                                      | 12,299                  | 38,202                                    |
| Payroll taxes                                | 19,328                   | 24,953                                      | 9,340                   | 33,227                                    |
| <br>   |                          |   |                         |   |
| Total salaries and related expenses          | 318,190                  | 393,723                                     | 139,437                 | 467,322                                   |
| <br>   |                          |   |                         |   |
| Professional and consulting fees             | 30                       | -   | -                       | 3,458                                     |
| Bank fees                                    | -                        | -   | -                       | -   |
| Supplies                                     | 15,787                   | 43,952                                      | 263,465                 | 18,022                                    |
| Telephone                                    | 2,741                    | 4,505                                       | 858                     | 8,819                                     |
| Postage and shipping                         | -                        | -   | -                       | 7   |
| Occupancy                                    | 16,378                   | 65,259                                      | 7,915                   | 171,008                                   |
| Rent and maintenance of equipment            | 8,034                    | 24,396                                      | 5,455                   | 22,244                                    |
| Printing and publications                    | -                        | -   | -                       | 6,886                                     |
| Advertising                                  | -                        | -   | -                       | -   |
| Travel                                       | 267                      | 837   | 312                     | 20,843                                    |
| Conferences and conventions                  | 443                      | 688   | -                       | 1,098                                     |
| Custodial and investment advisory fees       | -                        | -   | -                       | -   |
| Interest expense                             | 13,695                   | 13,695                                      | -                       | 14,427                                    |
| Special events                               | -                        | -   | -                       | -   |
| Specific assistance to individuals           | 681                      | 2,444                                       | -                       | 5,001                                     |
| Specific assistance to individuals - in-kind | 3,195                    | -   | 560,187                 | 7,139,824                                 |
| Other program expenses                       | -                        | -   | -                       | (60)                                      |
| Membership                                   | 40                       | 40  | -                       | -   |
| Insurance                                    | 14,960                   | 31,159                                      | 1,390                   | 14,839                                    |
| Miscellaneous                                | 50                       | 3,585                                       | -                       | 3,330                                     |
| <br>   |                          |   |                         |   |
| Total expenses before depreciation           | 394,491                  | 584,283                                     | 979,019                 | 7,897,068                                 |
| <br>   |                          |   |                         |   |
| Depreciation                                 | 85,580                   | 85,580                                      | -                       | 3,762                                     |
| <br>   |                          |   |                         |   |
| Total expenses                               | <u>\$ 480,071</u>        | <u>\$ 669,863</u>                           | <u>\$ 979,019</u>       | <u>\$ 7,900,830</u>                       |

See Notes to Consolidated Financial Statements

| <b>Medical<br/>Clinic</b> | <b>Transitional</b> | <b>Total<br/>Program<br/>Services</b> | <b>Management<br/>and<br/>General</b> | <b>Fund<br/>Raising</b> | <b>Total<br/>Expenses</b> |
|---------------------------|---------------------|---------------------------------------|---------------------------------------|-------------------------|---------------------------|
| \$ 388,737                | \$ 161,371          | \$ 1,596,380                          | \$ 286,786                            | \$ 176,868              | \$ 2,060,034              |
| 12,269                    | 39,605              | 237,426                               | 50,374                                | 33,374                  | 321,174                   |
| 7,185                     | 13,646              | 107,679                               | 23,441                                | 13,743                  | 144,863                   |
| 408,191                   | 214,622             | 1,941,485                             | 360,601                               | 223,985                 | 2,526,071                 |
| 6,388                     | -                   | 9,876                                 | 53,386                                | 30                      | 63,292                    |
| -                         | -                   | -                                     | 14,951                                | -                       | 14,951                    |
| 20,512                    | -                   | 361,738                               | 7,904                                 | 5,956                   | 375,598                   |
| 3,227                     | -                   | 20,150                                | 4,985                                 | 3,706                   | 28,841                    |
| 266                       | -                   | 273                                   | 1,837                                 | 3,187                   | 5,297                     |
| 10,382                    | 117,823             | 388,765                               | 6,718                                 | -                       | 395,483                   |
| 8,366                     | -                   | 68,495                                | 13,912                                | 35,415                  | 117,822                   |
| -                         | -                   | 6,886                                 | -                                     | 72,714                  | 79,600                    |
| 240                       | -                   | 240                                   | 307,096                               | -                       | 307,336                   |
| 743                       | 532                 | 23,534                                | 2,838                                 | 1,704                   | 28,076                    |
| 928                       | -                   | 3,157                                 | 1,539                                 | 5,318                   | 10,014                    |
| -                         | -                   | -                                     | 9,081                                 | -                       | 9,081                     |
| -                         | -                   | 41,817                                | 13,695                                | -                       | 55,512                    |
| -                         | -                   | -                                     | 1,151                                 | 44,333                  | 45,484                    |
| -                         | -                   | 8,126                                 | -                                     | -                       | 8,126                     |
| 112,578                   | -                   | 7,815,784                             | -                                     | -                       | 7,815,784                 |
| 24,130                    | -                   | 24,070                                | 19,107                                | 68                      | 43,245                    |
| -                         | -                   | 80                                    | -                                     | 4,303                   | 4,383                     |
| 10,721                    | -                   | 73,069                                | 18,990                                | 3,953                   | 96,012                    |
| 7,150                     | 10,085              | 24,200                                | 20,641                                | -                       | 44,841                    |
| 613,822                   | 343,062             | 10,811,745                            | 858,432                               | 404,672                 | 12,074,849                |
| -                         | -                   | 174,922                               | 9,404                                 | 3,762                   | 188,088                   |
| <u>\$ 613,822</u>         | <u>\$ 343,062</u>   | <u>\$ 10,986,667</u>                  | <u>\$ 867,836</u>                     | <u>\$ 408,434</u>       | <u>\$ 12,262,937</u>      |

**People's City Mission**  
**Notes to Consolidated Financial Statements**  
**December 31, 2015 and 2014**

**Note 1: Nature of Operations and Summary of Significant Accounting Policies**

***Nature of Operations***

People's City Mission (the "Organization") is a not-for-profit organization whose mission and principal activities are to provide temporary housing for the homeless in Lincoln, Nebraska. Residents and low-income individuals in the community are provided with casework services to help them obtain employment, used clothing, food, medical care and referrals. The Organization's revenues and other support are derived principally from contributions and grants.

The Organization's main programs include:

***Men's Shelter:*** Provides a safe, secure, clean shelter with a bed, showers, clean clothing, personal hygiene items, employment assistance, laundry facilities, mail services and access to legal assistance.

***Family and Women's Shelter:*** Provides a safe, secure, clean shelter for homeless single women, single mothers with children, single fathers with children and married couples with or without children. Living quarters are in shared rooms with bath and laundry facilities provided. Clothing, personal care items and childcare items are available as needed.

***Food Service:*** Provides meals to shelter guests.

***Homeless Prevention Center:*** The primary receiving, sorting and distribution point for free food, clothing, household items, furniture, toys and personal care items.

***Medical Clinic:*** Provides health care to uninsured residents of Lincoln and Lancaster County who are homeless or low-income.

***Transitional:*** A transitional housing program for men and women that includes private sleeping rooms equipped with a refrigerator, microwave and sink. Other amenities include laundry facilities, a community lounge, a library, courtyards and 24-hour staff. Residents must be accepted into this program and the maximum stay is 24 months.

***Recycling:*** Recycle donated clothing and goods.

***Principles of Consolidation***

The consolidated financial statements of the Organization include the accounts and operations of the following organizations – The People's City Mission Home, People's City Mission Foundation, PCM Medical Clinic and PCM Housing Corporation. All significant intercompany balances and transactions have been eliminated in consolidation.

**People's City Mission**  
**Notes to Consolidated Financial Statements**  
**December 31, 2015 and 2014**

**Note 1: Nature of Operations and 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 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, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

***Cash Equivalents***

The Organization considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2015 and 2014, cash equivalents consisted primarily of money market accounts with brokers.

***Accounts Receivable***

Accounts receivable consists of bequests and other business trade transactions. All receivables are expected to be collected within one year and are stated at their net realizable value. Based on a review of outstanding receivables, historical collection information and existing economic conditions, no allowance for doubtful accounts is deemed necessary.

***Inventory Valuation***

Inventories consist primarily of donated food, clothing, furniture, toys, pharmaceuticals and personal care items. Purchased inventory is carried at cost. Donated items are stated at an average market price comparable to discounted retail or thrift store prices.

***Investments and Investment Return***

Investments in equity securities having a readily determinable fair value and in all debt securities are carried at fair value. Other investments are valued at the lower of cost (or fair value at time of donation, if acquired by contribution) or fair value. Investment return includes dividend, interest and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in unrestricted net assets. Other investment return is reflected in the statements of activities as unrestricted, temporarily restricted or permanently restricted based upon the existence and nature of any donor or legally imposed restrictions.

**People's City Mission**  
**Notes to Consolidated Financial Statements**  
**December 31, 2015 and 2014**

**Note 1: Nature of Operations and Summary of Significant Accounting Policies - Continued**

***Investment in Affiliate***

The investment in a 0.01%-owned affiliate, Curtis Center Housing, L.P., is stated at amortized cost plus equity in the affiliate's undistributed net income since acquisition.

***Property and Equipment***

Property and equipment are stated at cost less accumulated depreciation. Depreciation is charged to expense using the straight-line method over the estimated useful life of each asset. Leasehold improvements are depreciated over the shorter of the lease term or their respective estimated useful lives.

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

|                            |            |
|----------------------------|------------|
| Buildings and improvements | 7-39 years |
| Furniture and equipment    | 3-10 years |
| Vehicles                   | 5 years    |

***Long-lived Asset Impairment***

The Organization evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No asset impairment was recognized during the years ended December 31, 2015 and 2014.

***Temporarily and Permanently Restricted Net Assets***

Temporarily restricted net assets are those whose use by the Organization has been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained by the Organization in perpetuity.

***Contributions***

Gifts of cash and other assets received without donor stipulations are reported as unrestricted revenue and net assets. Gifts received with a donor stipulation that limits their use are reported as temporarily or permanently restricted revenue and net assets. When a donor stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets

**People's City Mission**  
**Notes to Consolidated Financial Statements**  
**December 31, 2015 and 2014**

**Note 1: Nature of Operations and Summary of Significant Accounting Policies - Continued**

***Contributions - Continued***

released from restrictions. Gifts having donor stipulations which are satisfied in the period the gift is received are reported as unrestricted revenue and net assets.

Gifts of land, buildings, equipment and other long-lived assets are reported as unrestricted revenue and net assets unless explicit donor stipulations specify how such assets must be used, in which case the gifts are reported as temporarily or permanently restricted revenue and net assets. Absent explicit donor stipulations for the time long-lived assets must be held, expirations of restrictions resulting in reclassification of temporarily restricted net assets as unrestricted net assets are reported when the long-lived assets are placed in service.

Unconditional gifts expected to be collected within one year are reported at their net realizable value. Unconditional gifts expected to be collected in future years are initially reported at fair value determined using the discounted present value of estimated future cash flows technique. The resulting discount is amortized using the level-yield method and is reported as contribution revenue.

Conditional gifts depend on the occurrence of a specified future and uncertain event to bind the potential donor and are recognized as assets and revenue when the conditions are substantially met and the gift becomes unconditional.

***Contributed Services***

Contributions of services are recognized as revenue at their estimated fair value only when the services received create or enhance nonfinancial assets or require specialized skills possessed by the individuals providing the service and the service would typically need to be purchased if not donated. Contribution revenue recognized from contributed services during 2015 and 2014 consisted of advertising and marketing services totaling \$161,523 and \$160,861, respectively. In addition, professional services provided by doctors and nurses totaling \$519,761 and \$289,082 were recognized in 2015 and 2014, respectively.

***In-Kind Contributions***

In addition to receiving cash contributions, the Organization receives in-kind contributions of food, clothing, furniture, toys, pharmaceuticals and personal care items from various donors. It is the policy of the Organization to record the estimated fair value of certain in-kind donations as an increase in contribution revenue when the items are received and as an expense when the items are distributed to those in need or used in the Organization's operations. For the years ended December 31, 2015 and 2014, \$8,433,891 and \$7,962,401, respectively, was received in in-kind contributions. In-kind contribution expense related to the distribution of in-kind inventory for the years ended December 31, 2015 and 2014, was \$8,259,697 and \$7,815,784, respectively.



**People's City Mission**  
**Notes to Consolidated Financial Statements**  
**December 31, 2015 and 2014**

**Note 1: Nature of Operations and Summary of Significant Accounting Policies - Continued**

***Government Grants***

Support funded by grants is recognized as the Organization performs the contracted services or incurs outlays eligible for reimbursement under the grant agreements. Grant activities and outlays are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

***Income Taxes***

The People's City Mission Home, People's City Mission Foundation, PCM Housing Corporation and PCM Medical Clinic are exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law. However, the Organization is subject to federal income tax on any unrelated business taxable income.

These entities file tax returns in the U.S. federal jurisdiction. With a few exceptions, the entities are no longer subject to U.S. federal examinations by tax authorities for years before 2012.

The entities recognize interest and penalties on income taxes, if any, as a component of income tax expense.

***Functional Allocation of Expenses***

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statements of activities. Certain costs have been allocated among the program, management and general and fund raising categories based on the number of personnel, square footage and other methods.

***Transfers Between Fair Value Hierarchy Levels***

Transfers in and out of Level 1 (quoted market prices), Level 2 (other significant observable inputs) and Level 3 (significant unobservable inputs) are recognized on the period ending date.

***Reclassifications***

Certain reclassifications have been made to the 2014 financial statements to conform to the 2015 financial statement presentation. These reclassifications had no effect on the change in net assets.

**People's City Mission**  
**Notes to Consolidated Financial Statements**  
**December 31, 2015 and 2014**

**Note 2: Grant Commitments**

The Organization receives its grant support through periodic claims filed with the respective funding sources, not to exceed a limit specified in the funding agreement. Since the consolidated financial statements of the Organization are prepared on the accrual basis, all earned portions of the grants not received as of December 31, 2015 and 2014, have been recorded as receivables.

**Note 3: Inventory**

Inventory at December 31 consisted of the following:

| <b>Category</b>               | <b>Unit Value Range</b> | <b>2015</b>       | <b>2014</b>       |
|-------------------------------|-------------------------|-------------------|-------------------|
| Clothing                      | \$5 - \$7 per item      | \$ 149,311        | \$ 114,979        |
| Household items               | \$5 - \$45 per item     | 59,989            | 35,200            |
| Meat                          | \$1.75 - \$6 per lb.    | 89,813            | 88,639            |
| Other food                    | \$1.75 per lb.          | 76,657            | 84,584            |
| Pharmacy and medical supplies | Variable                | 98,269            | 196,552           |
| Miscellaneous                 | Variable                | 11,270            | 11,662            |
|                               |                         | <u>\$ 485,309</u> | <u>\$ 531,616</u> |

**Note 4: Investments and Investment Return**

Investments at December 31 consisted of the following:

|                           | <b>2015</b>       | <b>2014</b>       |
|---------------------------|-------------------|-------------------|
| Mutual funds              |                   |                   |
| Equity securities         | \$ 55,762         | \$ 64,740         |
| Debt securities           | -                 | 626,408           |
| U.S. treasury obligations | 174,802           | -                 |
| Corporate debt securities | 458,309           | -                 |
| Equity securities         |                   |                   |
| Consumer discretion       | 27,599            | 41,407            |
| Consumer staples          | 23,123            | 28,802            |
| Energy                    | 12,970            | 15,685            |
| Financial                 | 36,086            | 43,176            |
| Health care               | 34,701            | 37,330            |
| Industrials               | 33,303            | 35,522            |
| Information technology    | 49,143            | 58,398            |
| Materials                 | 10,822            | 10,329            |
| Telecommunications        | 2,117             | 3,492             |
|                           | <u>\$ 918,737</u> | <u>\$ 965,289</u> |

**People's City Mission**  
**Notes to Consolidated Financial Statements**  
**December 31, 2015 and 2014**

**Note 4: Investments and Investment Return - Continued**

Total investment return is comprised of the following:

|  | <u>2015</u>     | <u>2014</u>      |
|--|-----------------|------------------|
| Interest and dividend income               | \$ 3,467        | \$ 15,123        |
| Net realized and unrealized gains (losses) | <u>(3,606)</u>  | <u>34,022</u>    |
|  | <u>\$ (139)</u> | <u>\$ 49,145</u> |

**Note 5: Investment in Curtis Center Housing, L.P.**

***Ownership Interest***

PCM Housing Corporation is a general partner and has a 0.01% ownership interest in Curtis Center Housing, L.P (CCH). The financial position and results of operations for the years ended December 31, 2015 and 2014, are as follows:

|  | <u>2015</u>         | <u>2014</u>         |
|--|---------------------|---------------------|
| Cash                                   | \$ 167,797          | \$ 157,577          |
| Other assets                           | 13,665              | 12,351              |
| Property and equipment, net            | <u>2,386,002</u>    | <u>2,438,672</u>    |
| Total assets                           | <u>\$ 2,567,464</u> | <u>\$ 2,608,600</u> |
| Current liabilities                    | \$ 84,057           | \$ 98,398           |
| Mortgage notes and loans payable       | <u>448,052</u>      | <u>448,243</u>      |
| Total liabilities                      | 532,109             | 546,641             |
| Partners' equity, net                  | <u>2,035,355</u>    | <u>2,061,959</u>    |
| Total liabilities and partners' equity | <u>\$ 2,567,464</u> | <u>\$ 2,608,600</u> |
| Net rental revenue                     | <u>\$ 259,724</u>   | <u>\$ 243,118</u>   |
| Net loss                               | <u>\$ 139,411</u>   | <u>\$ 178,169</u>   |

PCM Housing Corporation is entitled to a management fee per the Incentive Management Fee Agreement. However, this is only paid if there are available cash flows. No amounts were paid in 2015 or 2014.

The Center was constructed on land owned by The People's City Mission Home and a ground lease was signed between the Home (landlord) and CCH (tenant). This is a 65-year lease ending October 2071. The rent is \$1 per year.

**People's City Mission**  
**Notes to Consolidated Financial Statements**  
**December 31, 2015 and 2014**

**Note 5: Investment in Curtis Center Housing, L.P. - Continued**

***Guarantees***

CCH was formed for the purpose of acquiring, constructing, financing, operating, managing and leasing an apartment complex located on land owned by The People's City Mission Home. PCM Housing Corporation is the General Partner in CCH.

Under the Partnership Agreement, PCM Housing Corporation is responsible for the overall management and control of the Partnership. During the 15-year compliance period, PCM Housing Corporation is responsible for ensuring that the apartment complex is operated as a low-income housing project, which includes monitoring compliance with rent levels, income certifications and other low-income housing requirements, including related reporting requirements.

PCM Housing Corporation and The People's City Mission Home entered into a guaranty agreement on May 1, 2007, with the limited partner investor in which they agreed to perform the following obligations:

- 1) Carry out its management duties
- 2) Advance all funds necessary to pay any operating deficits
- 3) Guarantee against reduced tax benefits
- 4) Purchase the interest of the investor limited partner if the apartment complex is condemned, subjected to a taking or otherwise damaged or destroyed as a result of any exceptions to title insurance coverage

If PCM Housing Corporation fails to perform the above obligations, it may be subjected to removal as general partner or be obligated for damages.

**Note 6: Property and Equipment**

Property and equipment at December 31 consists of:

|                               | <b>2015</b>                | <b>2014</b>                |
|-------------------------------|----------------------------|----------------------------|
| Land                          | \$ 503,931                 | \$ 488,172                 |
| Buildings and improvements    | 4,062,114                  | 4,057,312                  |
| Furniture and equipment       | 921,500                    | 754,895                    |
| Vehicles                      | 137,018                    | 137,518                    |
|                               | <u>5,624,563</u>           | <u>5,437,897</u>           |
| Less accumulated depreciation | <u>(2,791,774)</u>         | <u>(2,591,228)</u>         |
|                               | <u><u>\$ 2,832,789</u></u> | <u><u>\$ 2,846,669</u></u> |

**People's City Mission**  
**Notes to Consolidated Financial Statements**  
**December 31, 2015 and 2014**

**Note 7: Line of Credit**

The Organization has an \$800,000 revolving bank line of credit expiring on June 30, 2016. At December 31, 2015 and 2014, there was \$0 and \$439,932, respectively, borrowed against this line. The line is collateralized by a deed of trust on the Organization's property, a commercial security agreement covering all business assets and the Foundation's investments. Interest accrues at prime plus 1%, with a floor of 4.25%. The rate in effect at December 31, 2015 and 2014, was 4.50% and 4.25%, respectively. Interest is payable monthly.

**Note 8: Long-term Debt**

|                               | <b>2015</b>       | <b>2014</b>       |
|-------------------------------|-------------------|-------------------|
| Note payable (A)              | \$ 100,625        | \$ 108,126        |
| Note payable (B)              | 523,460           | 553,389           |
| Note payable (C)              | 11,697            | 15,563            |
| Capital lease obligations (D) | 10,787            | 17,264            |
|                               | <b>\$ 646,569</b> | <b>\$ 694,342</b> |

- (A) Interest-free note payable to a local municipality; due July 1, 2029; payable in monthly installments of \$625; secured by a deed of trust.
- (B) Note payable to a bank; due April 30, 2018; payable in monthly installments of \$4,752, including interest at 4.95%; secured by a deed of trust on the Organization's property, a commercial security agreement covering all business assets and the Foundation's investments.
- (C) Note payable to a bank; due September 15, 2018; payable in monthly installments of \$381, including interest at 5.00%; secured by a deed of trust on the Organization's property, a commercial security agreement covering all business assets, the Foundation's investments and a vehicle
- (D) Capital leases include leases covering equipment for three years expiring in July 2017

**People's City Mission**  
**Notes to Consolidated Financial Statements**  
**December 31, 2015 and 2014**

**Note 8: Long-term Debt - Continued**

Aggregate annual maturities of long-term debt and payments on capital lease obligations at December 31, 2015, are:

|  | <b>Long-term<br/>Debt<br/>(Excluding<br/>Leases)</b> | <b>Capital<br/>Lease<br/>Obligations</b> |
|--|--|--|
| 2016   | \$ 42,970  | \$ 7,344                                 |
| 2017   | 44,866   | 3,981                                    |
| 2018   | 469,821  | -  |
| 2019   | 7,500  | -  |
| 2020   | 7,500  | -  |
| Thereafter                                     | 63,125   | -  |
|  | <u>\$ 635,782</u>                                    | <u>11,325</u>                            |
| Less amount representing interest              |  | <u>538</u>                               |
| Present value of future minimum lease payments |  | <u>\$ 10,787</u>                         |

Property and equipment include the following under capital leases at December 31:

|                               | <b>2015</b>      | <b>2014</b>      |
|-------------------------------|------------------|------------------|
| Equipment                     | \$ 20,100        | \$ 20,100        |
| Less accumulated depreciation | 4,064            | 1,193            |
|                               | <u>\$ 16,036</u> | <u>\$ 18,907</u> |

**Note 9: Net Assets**

***Temporarily Restricted Net Assets***

Temporarily restricted net assets at December 31 are available for the following purposes or periods:

|  | <b>2015</b>       | <b>2014</b>      |
|--|-------------------|------------------|
| Beneficial interest in remainder trust | \$ 43,905         | \$ 46,158        |
| United Way annual allocation           | 7,500             | 8,500            |
| For periods after December 31          | 92,495            | 24,876           |
|  | <u>\$ 143,900</u> | <u>\$ 79,534</u> |

**People's City Mission**  
**Notes to Consolidated Financial Statements**  
**December 31, 2015 and 2014**

**Note 9: Net Assets - Continued**

***Permanently Restricted Net Assets***

Permanently restricted net assets at December 31 are restricted to:

|   | <u>2015</u>      | <u>2014</u>      |
|---|------------------|------------------|
| Beneficial interest in perpetual trusts | <u>\$ 55,993</u> | <u>\$ 61,333</u> |

***Net Assets Released from Restrictions***

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

|                                   | <u>2015</u>      | <u>2014</u>      |
|-----------------------------------|------------------|------------------|
| Purpose restrictions accomplished | <u>\$ 16,000</u> | <u>\$ 17,000</u> |

**Note 10: Operating Leases**

Noncancellable operating leases for distribution facilities and office equipment expire in various years through 2020. The distribution facilities lease contains one five-year renewal option. The lease requires the Organization to pay all executory costs (property taxes, maintenance and insurance).

Future minimum lease payments at December 31, 2015, were:

|      |                   |
|------|-------------------|
| 2016 | \$ 163,383        |
| 2017 | 79,120            |
| 2018 | 7,657             |
| 2019 | 7,657             |
| 2020 | <u>7,657</u>      |
|      | <u>\$ 265,474</u> |

Rental expense for all operating leases was \$154,055 and \$141,775 for the years ended December 31, 2015 and 2014, respectively.

**People's City Mission**  
**Notes to Consolidated Financial Statements**  
**December 31, 2015 and 2014**

**Note 11: Pension Plan**

The Organization has a defined contribution pension plan covering substantially all employees. The Board of Directors annually determines the amount, if any, of the Organization's contributions to the plan. Pension expense was \$77,674 and \$61,134 for 2015 and 2014, respectively.

**Note 12: Disclosures About Fair Value of Assets and Liabilities**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities



**People's City Mission**  
**Notes to Consolidated Financial Statements**  
**December 31, 2015 and 2014**

**Note 12: Disclosures About Fair Value of Assets and Liabilities - Continued**

***Recurring Measurements***

The following table presents the fair value measurements of assets recognized in the accompanying consolidated statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2015 and 2014:

|   | Fair Value | Fair Value Measurements Using                                  |   |   |
|---|------------|--|---|---|
|   |            | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| <b>2015</b>                             |            |  |   |   |
| Money market mutual funds               | \$ 72,440  | \$ 72,440  | \$ -  | \$ -                                      |
| Mutual funds                            |            |  |   |   |
| Equity securities                       | 55,762     | 55,762   | -   | -   |
| U.S. treasury obligations               | 174,802    | 174,802  |   |   |
| Corporate debt securities               | 458,309    | 458,309  |   |   |
| Equity securities                       |            |  |   |   |
| Consumer discretion                     | 27,599     | 27,599   | -   | -   |
| Consumer staples                        | 23,123     | 23,123   | -   | -   |
| Energy                                  | 12,970     | 12,970   | -   | -   |
| Financial                               | 36,086     | 36,086   | -   | -   |
| Health care                             | 34,701     | 34,701   | -   | -   |
| Industrials                             | 33,303     | 33,303   | -   | -   |
| Information technology                  | 49,143     | 49,143   | -   | -   |
| Materials                               | 10,822     | 10,822   | -   | -   |
| Telecommunications                      | 2,117      | 2,117  | -   | -   |
| Beneficial interest in remainder trusts | 43,905     | -  | 43,905  | -   |
| Beneficial interest in perpetual trusts | 55,993     | -  | -   | 55,993                                    |

**People's City Mission**  
**Notes to Consolidated Financial Statements**  
**December 31, 2015 and 2014**

**Note 12: Disclosures About Fair Value of Assets and Liabilities - Continued**

***Recurring Measurements - Continued***

|   | Fair Value | Fair Value Measurements Using                                  |   |   |
|---|------------|--|---|---|
|   |            | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| <b>2014</b>                             |            |  |   |   |
| Money market mutual funds               | \$ 67,943  | \$ 67,943  | \$ -  | \$ -                                      |
| Mutual funds                            |            |  |   |   |
| Equity securities                       | 64,740     | 64,740   | -   | -   |
| Debt securities                         | 626,408    | 626,408  | -   | -   |
| Equity securities                       |            |  |   |   |
| Consumer discretion                     | 41,407     | 41,407   | -   | -   |
| Consumer staples                        | 28,802     | 28,802   | -   | -   |
| Energy                                  | 15,685     | 15,685   | -   | -   |
| Financial                               | 43,176     | 43,176   | -   | -   |
| Health care                             | 37,330     | 37,330   | -   | -   |
| Industrials                             | 35,522     | 35,522   | -   | -   |
| Information technology                  | 58,398     | 58,398   | -   | -   |
| Materials                               | 10,329     | 10,329   | -   | -   |
| Telecommunications                      | 3,492      | 3,492  | -   | -   |
| Beneficial interest in remainder trusts | 46,158     | -  | 46,158  | -   |
| Beneficial interest in perpetual trusts | 61,333     | -  | -   | 61,333                                    |

**People's City Mission**  
**Notes to Consolidated Financial Statements**  
**December 31, 2015 and 2014**

**Note 12: Disclosures About Fair Value of Assets and Liabilities - Continued**

Following is a description of the inputs and valuation methodologies used for assets measured at fair value on a recurring basis and recognized in the accompanying consolidated statements of financial position, as well as the general classification of such assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended December 31, 2015. For assets classified within Level 3 of the fair value hierarchy, the process used to develop the reported fair value is described below.

***Money Market Mutual Funds***

Where quoted market prices are available in an active market, money market mutual funds are classified within Level 1 of the valuation hierarchy.

***Investments***

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated using quoted prices of securities with similar characteristics or independent pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy.

***Beneficial Interest in Perpetual and Remainder Trusts***

Fair value of beneficial interest in remainder trusts is estimated at the present value of the future distributions expected to be received over the term or upon termination of the agreements. Due to the nature of the valuation inputs, the beneficial interest in remainder trusts are classified within Level 2 of the hierarchy.

Fair value of beneficial interest in perpetual trusts is measured using the fair value of the assets held in trust. Income earned on trust assets is distributed to the Organization annually or semi-annually, as provided in the agreements. Since the Organization will never receive the assets held in trust, the beneficial interest in perpetual trusts are classified within Level 3 of the hierarchy.

***Level 3 Valuation Process***

Fair value determinations for Level 3 measurements are the responsibility of the CFO's office. The CFO's office obtains confirmations and, where possible, statements from the trustees. The CFO's office reviews these confirmations and statements for reasonableness.

**People's City Mission**  
**Notes to Consolidated Financial Statements**  
**December 31, 2015 and 2014**

**Note 12: Disclosures About Fair Value of Assets and Liabilities - Continued**

***Level 3 Reconciliation***

The following is a reconciliation of the beginning and ending balances of recurring fair value measurements recognized in the accompanying statements of financial position using significant unobservable (Level 3) inputs:

|   | <b>Beneficial<br/>Interest in<br/>Perpetual<br/>Trusts</b> |
|---|--|
| Balance, January 1, 2014                          | \$ 62,085  |
| Change in beneficial interest in perpetual trusts | (752)  |
| Balance, December 31, 2014                        | 61,333   |
| Change in beneficial interest in perpetual trusts | (5,340)  |
| Balance, December 31, 2015                        | \$ 55,993  |

Change in beneficial interest in perpetual trusts is included in investment return in the statements of activities.

**Note 13: Significant Estimates and Concentrations**

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

***Investments***

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the accompanying consolidated statements of financial position.

**People's City Mission**  
**Notes to Consolidated Financial Statements**  
**December 31, 2015 and 2014**

**Note 13: Significant Estimates and Concentrations - Continued**

***In-Kind Contributions***

As discussed in Note 1, in-kind contributions, such as clothing, furniture, toys and household items, are valued at the average market price obtained from local thrift stores. Food is grouped into categories and is valued at the average price per pound obtained from local groceries within each respective category. Pharmaceuticals are valued at the average market price obtained from local pharmacies. Management believes these values are a reasonable estimate of the fair value of the goods received.

***Medical Malpractice***

PCM Medical Clinic (the "Clinic") purchases medical malpractice insurance under a claims-made (or occurrence basis) policy on a fixed premium basis. Accounting principles generally accepted in the United States of America require the Clinic to accrue the expense of its share of malpractice claim costs, if any, for any reported and unreported incidents of potential improper professional service occurring during the year by estimating the probable ultimate costs of the incidents. Based upon the Clinic's claim experience, no such accrual has been made. It is reasonably possible that this estimate could change materially in the near term.

**Note 14: Subsequent Events**

Subsequent events have been evaluated through the date of the Independent Auditor's Report, which is the date the financial statements were available to be issued.

## **Other Information**

**People's City Mission**  
**Consolidating Schedule of Financial Position**  
**December 31, 2015**

|  | <b>PCM<br/>Home</b> | <b>PCM<br/>Foundation</b> | <b>PCM<br/>Housing</b> | <b>PCM<br/>Medical<br/>Clinic</b> | <b>Eliminations</b> | <b>Total</b>        |
|--|---------------------|---------------------------|------------------------|-----------------------------------|---------------------|---------------------|
| <b>Assets</b>  |                     |                           |                        |                                   |                     |                     |
| Cash and cash equivalents  | \$ 220,111          | \$ 77,070                 | \$ -                   | \$ 10,909                         | \$ -                | \$ 308,090          |
| Bequests and other receivables   | 56,867              | 35,447                    | -                      | -                                 | (16,447)            | 75,867              |
| Grant reimbursements receivable  | 122,303             | -                         | -                      | -                                 | -                   | 122,303             |
| Inventories  | 387,040             | -                         | -                      | 98,269                            | -                   | 485,309             |
| Prepaid expenses   | 20,111              | -                         | -                      | 4,242                             | -                   | 24,353              |
| Investments  | -                   | 918,737                   | -                      | -                                 | -                   | 918,737             |
| Investment in Curtis Center Housing, LP                                | -                   | -                         | 95,693                 | -                                 | -                   | 95,693              |
| Beneficial interest in perpetual and remainder trusts                  | 99,898              | 67,619                    | -                      | -                                 | -                   | 167,517             |
| Other  | 87,880              | -                         | -                      | -                                 | -                   | 87,880              |
| Property and equipment, net of accumulated depreciation of \$2,791,774 | 2,832,789           | -                         | -                      | -                                 | -                   | 2,832,789           |
| Total assets   | <u>\$ 3,826,999</u> | <u>\$ 1,098,873</u>       | <u>\$ 95,693</u>       | <u>\$ 113,420</u>                 | <u>\$ (16,447)</u>  | <u>\$ 5,118,538</u> |
| <b>Liabilities</b>   |                     |                           |                        |                                   |                     |                     |
| Accounts payable   | \$ 221,240          | \$ -                      | \$ -                   | \$ 5,360                          | \$ -                | \$ 226,600          |
| Accrued expenses   | 140,295             | -                         | -                      | -                                 | -                   | 140,295             |
| Long-term debt   | 663,016             | -                         | -                      | -                                 | (16,447)            | 646,569             |
| Total liabilities  | <u>1,024,551</u>    | <u>-</u>                  | <u>-</u>               | <u>5,360</u>                      | <u>(16,447)</u>     | <u>1,013,464</u>    |
| <b>Net Assets</b>  |                     |                           |                        |                                   |                     |                     |
| Unrestricted   | 2,695,050           | 1,006,378                 | 95,693                 | 108,060                           | -                   | 3,905,181           |
| Temporarily restricted   | 51,405              | 92,495                    | -                      | -                                 | -                   | 143,900             |
| Permanently restricted   | 55,993              | -                         | -                      | -                                 | -                   | 55,993              |
| Total net assets   | <u>2,802,448</u>    | <u>1,098,873</u>          | <u>95,693</u>          | <u>108,060</u>                    | <u>-</u>            | <u>4,105,074</u>    |
| Total liabilities and net assets                                       | <u>\$ 3,826,999</u> | <u>\$ 1,098,873</u>       | <u>\$ 95,693</u>       | <u>\$ 113,420</u>                 | <u>\$ (16,447)</u>  | <u>\$ 5,118,538</u> |

**People's City Mission**  
**Consolidating Schedule of Financial Position**  
**December 31, 2014**

|  | PCM<br>Home         | PCM<br>Foundation   | PCM<br>Housing   | PCM<br>Medical<br>Clinic | Eliminations        | Total               |
|--|---------------------|---------------------|------------------|--------------------------|---------------------|---------------------|
| <b>Assets</b>  |                     |                     |                  |                          |                     |                     |
| Cash and cash equivalents  | \$ 206,466          | \$ 70,499           | \$ -             | \$ 5,119                 | \$ -                | \$ 282,084          |
| Bequests and other receivables   | 428,638             | 27,040              | -                | -                        | (305,874)           | 149,804             |
| Grant reimbursements receivable  | 94,333              | -                   | -                | -                        | -                   | 94,333              |
| Inventories  | 335,064             | -                   | -                | 196,552                  | -                   | 531,616             |
| Prepaid expenses   | 17,193              | -                   | -                | 4,217                    | -                   | 21,410              |
| Investments  | -                   | 965,289             | -                | -                        | -                   | 965,289             |
| Investment in Curtis Center Housing, LP                                | -                   | -                   | 16,266           | -                        | -                   | 16,266              |
| Beneficial interest in perpetual and remainder trusts                  | 107,491             | -                   | -                | -                        | -                   | 107,491             |
| Other  | 89,930              | -                   | -                | -                        | -                   | 89,930              |
| Property and equipment, net of accumulated depreciation of \$2,591,228 | 2,846,669           | -                   | -                | -                        | -                   | 2,846,669           |
| Total assets   | <u>\$ 4,125,784</u> | <u>\$ 1,062,828</u> | <u>\$ 16,266</u> | <u>\$ 205,888</u>        | <u>\$ (305,874)</u> | <u>\$ 5,104,892</u> |
| <b>Liabilities</b>   |                     |                     |                  |                          |                     |                     |
| Accounts payable   | \$ 204,930          | \$ -                | \$ -             | \$ 283,247               | \$ (278,834)        | \$ 209,343          |
| Accrued expenses   | 109,611             | -                   | -                | -                        | -                   | 109,611             |
| Line of credit   | 439,932             | -                   | -                | -                        | -                   | 439,932             |
| Long-term debt   | 721,382             | -                   | -                | -                        | (27,040)            | 694,342             |
| Total liabilities  | <u>1,475,855</u>    | <u>-</u>            | <u>-</u>         | <u>283,247</u>           | <u>(305,874)</u>    | <u>1,453,228</u>    |
| <b>Net Assets</b>  |                     |                     |                  |                          |                     |                     |
| Unrestricted   | 2,533,938           | 1,037,952           | 16,266           | (77,359)                 | -                   | 3,510,797           |
| Temporarily restricted   | 54,658              | 24,876              | -                | -                        | -                   | 79,534              |
| Permanently restricted   | 61,333              | -                   | -                | -                        | -                   | 61,333              |
| Total net assets   | <u>2,649,929</u>    | <u>1,062,828</u>    | <u>16,266</u>    | <u>(77,359)</u>          | <u>-</u>            | <u>3,651,664</u>    |
| Total liabilities and net assets                                       | <u>\$ 4,125,784</u> | <u>\$ 1,062,828</u> | <u>\$ 16,266</u> | <u>\$ 205,888</u>        | <u>\$ (305,874)</u> | <u>\$ 5,104,892</u> |



**People's City Mission**  
**Consolidating Schedule of Activities**  
**Year Ended December 31, 2015**

|  | PCM<br>Home         | PCM<br>Foundation   | PCM<br>Housing   | PCM<br>Medical<br>Clinic | Eliminations     | Total               |
|--|---------------------|---------------------|------------------|--------------------------|------------------|---------------------|
| <b>Revenues, Gains and Other Support</b> |                     |                     |                  |                          |                  |                     |
| Contributions                            | \$ 2,444,668        | \$ 541,693          | \$ -             | \$ 65,851                | \$ -             | \$ 3,052,212        |
| In-kind contributions                    | 8,488,988           | -                   | 79,469           | 546,718                  | -                | 9,115,175           |
| Veterans housing fees                    | 439,611             | -                   | -                | -                        | -                | 439,611             |
| Grants                                   | 333,064             | -                   | -                | 47,000                   | -                | 380,064             |
| Clothing recycling                       | 552,893             | -                   | -                | -                        | -                | 552,893             |
| Other                                    | 157,334             | -                   | (42)             | -                        | -                | 157,292             |
| Grants from interrelated organizations   | 493,000             | -                   | -                | 347,790                  | (840,790)        | -                   |
| Total revenues, gains and other support  | <u>12,909,558</u>   | <u>541,693</u>      | <u>79,427</u>    | <u>1,007,359</u>         | <u>(840,790)</u> | <u>13,697,247</u>   |
| <b>Expenses and Losses</b>               |                     |                     |                  |                          |                  |                     |
| Men's Shelter                            | 551,609             | -                   | -                | -                        | -                | 551,609             |
| Family and Women's Shelter               | 752,999             | -                   | -                | -                        | -                | 752,999             |
| Food Service                             | 916,304             | -                   | -                | -                        | -                | 916,304             |
| Homeless Prevention Center               | 8,239,273           | -                   | -                | -                        | -                | 8,239,273           |
| Medical Clinic                           | -                   | -                   | -                | 821,940                  | -                | 821,940             |
| Transitional                             | 324,075             | -                   | -                | -                        | -                | 324,075             |
| Recycling                                | 365,116             | -                   | -                | -                        | -                | 365,116             |
| Grants to interrelated organizations     | 347,790             | 493,000             | -                | -                        | (840,790)        | -                   |
| Total program services                   | <u>11,497,166</u>   | <u>493,000</u>      | <u>-</u>         | <u>821,940</u>           | <u>(840,790)</u> | <u>11,971,316</u>   |
| Management and general                   | 850,050             | 20,102              | -                | -                        | -                | 870,152             |
| Fund raising                             | 402,230             | -                   | -                | -                        | -                | 402,230             |
| Total expenses and losses                | <u>12,749,446</u>   | <u>513,102</u>      | <u>-</u>         | <u>821,940</u>           | <u>(840,790)</u> | <u>13,243,698</u>   |
| <b>Operating Income</b>                  | <u>160,112</u>      | <u>28,591</u>       | <u>79,427</u>    | <u>185,419</u>           | <u>-</u>         | <u>453,549</u>      |
| <b>Nonoperating - Investment Return</b>  | <u>(7,593)</u>      | <u>7,454</u>        | <u>-</u>         | <u>-</u>                 | <u>-</u>         | <u>(139)</u>        |
| <b>Change in Net Assets</b>              | 152,519             | 36,045              | 79,427           | 185,419                  | -                | 453,410             |
| <b>Net Assets, Beginning of Year</b>     | <u>2,649,929</u>    | <u>1,062,828</u>    | <u>16,266</u>    | <u>(77,359)</u>          | <u>-</u>         | <u>3,651,664</u>    |
| <b>Net Assets, End of Year</b>           | <u>\$ 2,802,448</u> | <u>\$ 1,098,873</u> | <u>\$ 95,693</u> | <u>\$ 108,060</u>        | <u>\$ -</u>      | <u>\$ 4,105,074</u> |

**People's City Mission**  
**Consolidating Schedule of Activities**  
**Year Ended December 31, 2014**

|  | PCM<br>Home         | PCM<br>Foundation   | PCM<br>Housing   | PCM<br>Medical<br>Clinic | Eliminations | Total               |
|--|---------------------|---------------------|------------------|--------------------------|--------------|---------------------|
| <b>Revenues, Gains and Other Support</b> |                     |                     |                  |                          |              |                     |
| Contributions                            | \$ 2,162,550        | \$ 50               | \$ -             | \$ 85,554                | \$ -         | \$ 2,248,154        |
| In-kind contributions                    | 8,001,267           | -                   | -                | 411,077                  | -            | 8,412,344           |
| Veterans housing fees                    | 437,229             | -                   | -                | -                        | -            | 437,229             |
| Grants                                   | 320,957             | -                   | -                | -                        | -            | 320,957             |
| Clothing recycling                       | 462,219             | -                   | -                | -                        | -            | 462,219             |
| Other                                    | 138,867             | -                   | -                | -                        | -            | 138,867             |
| Total revenues, gains and other support  | <u>11,523,089</u>   | <u>50</u>           | <u>-</u>         | <u>496,631</u>           | <u>-</u>     | <u>12,019,770</u>   |
| <b>Expenses and Losses</b>               |                     |                     |                  |                          |              |                     |
| Men's Shelter                            | 480,071             | -                   | -                | -                        | -            | 480,071             |
| Family and Women's Shelter               | 669,863             | -                   | -                | -                        | -            | 669,863             |
| Food Service                             | 979,019             | -                   | -                | -                        | -            | 979,019             |
| Homeless Prevention Center               | 7,900,830           | -                   | -                | -                        | -            | 7,900,830           |
| Medical Clinic                           | 181                 | -                   | -                | 613,641                  | -            | 613,822             |
| Transitional                             | 343,062             | -                   | -                | -                        | -            | 343,062             |
| Total program services                   | <u>10,373,026</u>   | <u>-</u>            | <u>-</u>         | <u>613,641</u>           | <u>-</u>     | <u>10,986,667</u>   |
| Management and general                   | 848,443             | 19,393              | -                | -                        | -            | 867,836             |
| Fund raising                             | 408,434             | -                   | -                | -                        | -            | 408,434             |
| Total expenses and losses                | <u>11,629,903</u>   | <u>19,393</u>       | <u>-</u>         | <u>613,641</u>           | <u>-</u>     | <u>12,262,937</u>   |
| <b>Operating Loss</b>                    | <u>(106,814)</u>    | <u>(19,343)</u>     | <u>-</u>         | <u>(117,010)</u>         | <u>-</u>     | <u>(243,167)</u>    |
| <b>Nonoperating - Investment Return</b>  | <u>715</u>          | <u>48,430</u>       | <u>-</u>         | <u>-</u>                 | <u>-</u>     | <u>49,145</u>       |
| <b>Change in Net Assets</b>              | <u>(106,099)</u>    | <u>29,087</u>       | <u>-</u>         | <u>(117,010)</u>         | <u>-</u>     | <u>(194,022)</u>    |
| <b>Net Assets, Beginning of Year</b>     | <u>2,756,028</u>    | <u>1,033,741</u>    | <u>16,266</u>    | <u>39,651</u>            | <u>-</u>     | <u>3,845,686</u>    |
| <b>Net Assets, End of Year</b>           | <u>\$ 2,649,929</u> | <u>\$ 1,062,828</u> | <u>\$ 16,266</u> | <u>\$ (77,359)</u>       | <u>\$ -</u>  | <u>\$ 3,651,664</u> |