

# **People's City Mission**

**Consolidated Financial Statements and  
Independent Auditors' Report**

**December 31, 2022 and 2021**



# People's City Mission

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
People's City Mission  
Lincoln, Nebraska

### Opinion

We have audited the consolidated financial statements of People's City Mission (the Organization), which comprise the consolidated statements of financial position as of December 31, 2022 and 2021, the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for one year after June 19, 2023.

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audits in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

### **Report on the Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Lutz & Company, P.C.*

June 19, 2023

# People's City Mission

## Consolidated Statements of Financial Position

December 31, 2022 and 2021

<b>ASSETS</b>	<b><u>2022</u></b>	<b><u>2021</u></b>
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 2,042,007	\$ 1,552,658
Bequests and Other Receivables	5,782	36,262
Grant Reimbursements Receivable	41,767	58,372
Inventories	276,429	453,904
Prepaid Expenses and Other Current Assets	14,160	34,373
Total Current Assets	2,380,145	2,135,569
<b>PROPERTY AND EQUIPMENT, NET</b>	<b>3,455,751</b>	<b>2,116,293</b>
<b>OTHER ASSETS</b>		
Due from Curtis Center Housing, LP	-	371,516
Investments	1,010,013	946,362
Investment in Curtis Center Housing, LP	-	97,626
Beneficial Interest in Perpetual and Remainder Trusts	110,673	124,144
Operating Lease Right-of-Use Assets	258,367	391,061
Finance Lease Right-of-Use Asset	12,461	18,320
Other Assets	88,286	84,430
Total Other Assets	1,479,800	2,033,459
<b>TOTAL ASSETS</b>	<b>\$ 7,315,696</b>	<b>\$ 6,285,321</b>

See Notes to Consolidated Financial Statements.

# People's City Mission

## Consolidated Statements of Financial Position

December 31, 2022 and 2021

<b>LIABILITIES</b>	<b><u>2022</u></b>	<b><u>2021</u></b>
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 122,456	\$ 156,760
Accrued Liabilities	213,444	172,449
Current Portion of Operating Lease Liabilities	149,952	140,681
Current Portion of Finance Lease Liability	5,420	4,969
Current Portion of Long-Term Debt	17,745	23,016
<b>Total Current Liabilities</b>	<b>509,017</b>	<b>497,875</b>
<b>LONG-TERM LIABILITIES</b>		
Operating Lease Liabilities, Less Current Portion	127,443	275,889
Finance Lease Liability, Less Current Portion	8,613	12,620
<b>Long-Term Debt, Less Current Portion</b>	<b>55,176</b>	<b>80,906</b>
<b>Total Long-Term Liabilities</b>	<b>191,232</b>	<b>369,415</b>
<b>Total Liabilities</b>	<b>700,249</b>	<b>867,290</b>
<b>NET ASSETS</b>		
Without Donor Restrictions	6,504,774	5,293,887
With Donor Restrictions	110,673	124,144
<b>Total Net Assets</b>	<b>6,615,447</b>	<b>5,418,031</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 7,315,696</b>	<b>\$ 6,285,321</b>

See Notes to Consolidated Financial Statements.

# People's City Mission

## Consolidated Statement of Activities and Changes in Net Assets

Year Ended December 31, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUES, GAINS AND OTHER SUPPORT</b>			
Contributions	\$ 3,295,196	\$ -	\$ 3,295,196
In-Kind Contributions	12,812,909	-	12,812,909
In-Kind Contributions - Clothing Recycling	1,239,400	-	1,239,400
Clothing Recycling	1,352,482	-	1,352,482
Gain on Transfer in of Partnership	1,213,504	-	1,213,504
Probation Housing Revenue	63,037	-	63,037
Grants	197,966	-	197,966
Other Income	79,839	-	79,839
Total Revenues, Gains and Other Support	20,254,333	-	20,254,333
<b>EXPENSES</b>			
Program	17,642,593	-	17,642,593
Management and General	816,082	-	816,082
Fundraising	589,814	-	589,814
Total Expenses	19,048,489	-	19,048,489
Operating Income	1,205,844	-	1,205,844
Nonoperating - Investment Return	5,043	(13,471)	(8,428)
Change in Net Assets	1,210,887	(13,471)	1,197,416
Net Assets, Beginning of Year	5,293,887	124,144	5,418,031
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 6,504,774</b>	<b>\$ 110,673</b>	<b>\$ 6,615,447</b>

See Notes to Consolidated Financial Statements.

# People's City Mission

## Consolidated Statement of Activities and Changes in Net Assets

Year Ended December 31, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUES, GAINS AND OTHER SUPPORT</b>			
Contributions	\$ 4,185,404	\$ -	\$ 4,185,404
In-Kind Contributions	12,763,305	-	12,763,305
In-Kind Contributions - Clothing Recycling	936,915	-	936,915
Clothing Recycling	1,364,470	-	1,364,470
Probation Housing Revenue	297,287	-	297,287
Grants	152,061	-	152,061
Forgiveness of Paycheck Protection Program Loan	375,000	-	375,000
Other Income	178,226	-	178,226
Net Assets Released from Restrictions	24,876	(24,876)	-
<b>Total Revenues, Gains and Other Support</b>	<b>20,277,544</b>	<b>(24,876)</b>	<b>20,252,668</b>
<b>EXPENSES</b>			
Program	17,007,210	-	17,007,210
Management and General	874,461	-	874,461
Fundraising	524,758	-	524,758
<b>Total Expenses</b>	<b>18,406,429</b>	<b>-</b>	<b>18,406,429</b>
<b>Operating Income</b>	<b>1,871,115</b>	<b>(24,876)</b>	<b>1,846,239</b>
<b>Nonoperating - Investment Return</b>	<b>6,693</b>	<b>3,305</b>	<b>9,998</b>
<b>Change in Net Assets</b>	<b>1,877,808</b>	<b>(21,571)</b>	<b>1,856,237</b>
<b>Net Assets, Beginning of Year</b>	<b>3,416,079</b>	<b>145,715</b>	<b>3,561,794</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 5,293,887</b>	<b>\$ 124,144</b>	<b>\$ 5,418,031</b>

See Notes to Consolidated Financial Statements.



# People's City Mission

## Consolidated Statement of Functional Expenses

Year Ended December 31, 2022

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and Wages	\$ 1,582,390	\$ 422,479	\$ 206,973	\$ 2,211,842
Payroll Taxes	109,208	28,575	10,288	148,071
Employee Benefits	298,100	108,935	36,149	443,184
<b>Total Salaries and Related Expenses</b>	<b>1,989,698</b>	<b>559,989</b>	<b>253,410</b>	<b>2,803,097</b>
Advertising	1,449	-	176,023	177,472
Bank Fees	116	11,442	7,820	19,378
Computer	4,011	18,993	14,466	37,470
Conferences and Travel	19,449	1,740	749	21,938
Depreciation	139,921	8,329	18,323	166,573
Insurance	76,046	26,927	8,867	111,840
Interest Expense	-	1,691	40	1,731
Miscellaneous	115,155	17,742	10,374	143,271
Occupancy and Rent	203,010	-	-	203,010
Postage and Shipping	-	3,115	14,827	17,942
Printing and Publications	311	208	54,720	55,239
Professional Fees	6,548	134,177	863	141,588
Recycling - Purchases	280,140	-	-	280,140
Recycling - In-Kind	1,239,400	-	-	1,239,400
Repairs and Maintenance	76,527	9,682	49	86,258
Special Events	9,292	-	22,506	31,798
Specific Assistance to Individuals	12,961,966	750	-	12,962,716
Supplies	271,780	6,868	457	279,105
Telephone and Internet	13,817	2,462	3,905	20,184
Transportation	53,282	8,493	2,324	64,099
Utilities	180,675	3,474	91	184,240
<b>TOTAL EXPENSES</b>	<b>\$ 17,642,593</b>	<b>\$ 816,082</b>	<b>\$ 589,814</b>	<b>\$ 19,048,489</b>

See Notes to Consolidated Financial Statements.

# People's City Mission

## Consolidated Statement of Functional Expenses

Year Ended December 31, 2021

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and Wages	\$ 1,442,168	\$ 445,456	\$ 162,905	\$ 2,050,529
Payroll Taxes	107,302	21,191	20,802	149,295
Employee Benefits	256,211	10,647	4,617	271,475
Total Salaries and Related Expenses	1,805,681	477,294	188,324	2,471,299
Advertising	2,826	323	157,448	160,597
Bank Fees	177	46,080	-	46,257
Computer	635	19,154	1,031	20,820
Conferences and Travel	5,029	1,898	52	6,979
Depreciation	151,926	9,044	19,895	180,865
Insurance	77,773	119,333	34,303	231,409
Interest Expense	13,629	6,444	280	20,353
Miscellaneous	42,427	59,350	4,819	106,596
Occupancy and Rent	403,170	13,455	-	416,625
Postage and Shipping	-	92	3,200	3,292
Printing and Publications	99	141	83,049	83,289
Professional Fees	879	90,496	7,178	98,553
Recycling - Purchases	484,484	-	-	484,484
Recycling - In-Kind	936,915	-	-	936,915
Repairs and Maintenance	42,389	6,340	59	48,788
Special Events	393	30	19,435	19,858
Specific Assistance to Individuals	12,712,005	270	-	12,712,275
Supplies	263,301	12,862	1,419	277,582
Telephone and Internet	12,806	3,043	2,613	18,462
Transportation	50,666	8,812	1,653	61,131
<b>TOTAL EXPENSES</b>	<b>\$ 17,007,210</b>	<b>\$ 874,461</b>	<b>\$ 524,758</b>	<b>\$ 18,406,429</b>

See Notes to Consolidated Financial Statements.

# People's City Mission

## Consolidated Statement of Functional Expenses –Program Expenses

Year Ended December 31, 2022

	<u>Family and</u>								
	<u>Men's Shelter</u>	<u>Women's Shelter</u>	<u>Food Services</u>	<u>Help Center</u>	<u>Medical Clinic</u>	<u>Transitional</u>	<u>Recycling</u>	<u>Total Program</u>	
Salaries and Wages	\$ 413,944	\$ 413,890	\$ 166,403	\$ 317,807	\$ 6,160	\$ 11,501	\$ 252,685	\$	1,582,390
Payroll Taxes	28,980	25,398	12,268	24,099	-	-	18,463		109,208
Employee Benefits	87,466	98,552	20,430	68,224	-	6,283	17,145		298,100
Total Salaries and Related Expenses	530,390	537,840	199,101	410,130	6,160	17,784	288,293		1,989,698
Advertising	1,165	-	-	284	-	-	-		1,449
Bank Fees	-	-	-	-	116	-	-		116
Conferences and Travel	1,427	2,205	60	102	-	95	122		4,011
Computer	6,102	6,320	855	4,154	-	68	1,950		19,449
Depreciation	66,629	66,629	-	3,332	-	-	3,331		139,921
Insurance	21,070	19,612	5,630	12,526	10,591	-	6,617		76,046
Miscellaneous	7,536	13,345	445	12,547	69,123	241	11,918		115,155
Occupancy and Rent	-	-	-	101,505	-	-	101,505		203,010
Printing and Publications	-	33	-	85	-	-	193		311
Professional Fees	413	482	462	3,469	1,500	-	222		6,548
Recycling - Purchases	-	-	-	-	-	-	280,140		280,140
Recycling - In-Kind	-	-	-	-	-	-	1,239,400		1,239,400
Repairs and Maintenance	10,241	19,403	15,184	23,726	2,852	-	5,121		76,527
Special Events	1,350	217	-	7,725	-	-	-		9,292
Specific Assistance to Individuals	-	189,553	439,902	12,255,486	77,025	-	-		12,961,966
Supplies	14,394	18,662	199,155	33,994	2,577	-	2,998		271,780
Telephone and Internet	2,515	4,719	830	2,269	1,500	-	1,984		13,817
Transportation	2,528	4,656	977	6,823	-	11	38,287		53,282
Utilities	21,669	50,072	17,000	84,639	6,204	-	1,091		180,675
<b>TOTAL EXPENSES</b>	<b>\$ 687,429</b>	<b>\$ 933,748</b>	<b>\$ 879,601</b>	<b>\$ 12,962,796</b>	<b>\$ 177,648</b>	<b>\$ 18,199</b>	<b>\$ 1,983,172</b>		<b>\$ 17,642,593</b>

See Notes to Consolidated Financial Statements.

# People's City Mission

## Consolidated Statement of Functional Expenses – Program Expenses

Year Ended December 31, 2021

	<u>Family and</u>								
	<u>Men's Shelter</u>	<u>Women's Shelter</u>	<u>Food Services</u>	<u>Help Center</u>	<u>Medical Clinic</u>	<u>Transitional</u>	<u>Recycling</u>	<u>Total Program</u>	
Salaries and Wages	\$ 398,556	\$ 371,267	\$ 152,358	\$ 336,105	\$ 2,177	\$ 17,099	\$ 164,606	\$ 1,442,168	
Payroll Taxes	31,284	23,683	12,319	27,411	-	-	12,605	107,302	
Employee Benefits	109,643	72,327	21,538	37,304	-	294	15,105	256,211	
Total Salaries and Related Expenses	539,483	467,277	186,215	400,820	2,177	17,393	192,316	1,805,681	
Advertising	1,965	842	-	-	-	-	19	2,826	
Bank Fees	-	-	-	-	177	-	-	177	
Conferences and Travel	52	427	52	52	-	-	52	635	
Computer	773	1,962	548	856	-	592	298	5,029	
Depreciation	72,346	72,346	-	3,617	-	-	3,617	151,926	
Insurance	25,336	21,712	5,417	12,830	1,321	-	11,157	77,773	
Interest Expense	4,543	4,543	-	4,543	-	-	-	13,629	
Miscellaneous	2,325	7,218	302	3,129	26,369	1,888	1,196	42,427	
Occupancy and Rent	20,449	53,457	16,502	178,138	6,462	1,483	126,679	403,170	
Printing and Publications	-	52	-	24	-	-	23	99	
Professional Fees	49	50	451	119	210	-	-	879	
Recycling - Purchases	-	-	-	-	-	-	484,484	484,484	
Recycling - In-Kind	-	-	-	-	-	-	936,915	936,915	
Repairs and Maintenance	4,928	13,547	11,499	1,828	2,035	154	8,398	42,389	
Special Events	-	393	-	-	-	-	-	393	
Specific Assistance to Individuals	70	210,258	332,369	12,081,188	88,120	-	-	12,712,005	
Supplies	10,494	12,164	182,289	35,631	2,661	-	20,062	263,301	
Telephone and Internet	2,690	4,251	932	2,771	926	-	1,236	12,806	
Transportation	2,157	3,546	1,575	4,593	-	-	38,795	50,666	
<b>TOTAL EXPENSES</b>	<b>\$ 687,660</b>	<b>\$ 874,045</b>	<b>\$ 738,151</b>	<b>\$ 12,730,139</b>	<b>\$ 130,458</b>	<b>\$ 21,510</b>	<b>\$ 1,825,247</b>	<b>\$ 17,007,210</b>	

See Notes to Consolidated Financial Statements.

# People's City Mission

## Consolidated Statements of Cash Flows

Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ (16,088)	\$ 1,856,237
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Change in Contributed Inventories	177,475	(73,242)
Depreciation	166,573	180,865
Amortization of Finance Lease Right-of-Use Asset	5,859	9,160
Loss on Disposal of Property and Equipment	2,440	20,323
Net Realized and Unrealized Losses (Gains) on Investments	(962)	3,672
Gain on Transfer in of Limited Partnership	(1,213,504)	-
Loss (Gain) on Beneficial Interest in Perpetual and Remainder Trusts	13,471	(3,305)
Forgiveness of Paycheck Protection Program Loan	-	(375,000)
Lease Expense on Operating Leases	(6,481)	(550)
Decrease (Increase) in Operating Assets:		
Bequests and Other Receivables	32,233	(15,102)
Grant Reimbursements Receivable	16,605	(25,137)
Prepaid Expenses and Other Current Assets	22,073	38,310
Due from Curtis Center Housing, LP	(282,636)	(305,310)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	(34,304)	51,147
Accrued Liabilities	16,720	14,052
<b>Net Cash Provided by Operating Activities</b>	<b>(1,100,526)</b>	<b>1,376,120</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from Sales of Property and Equipment	1,400	-
Purchase of Property and Equipment	(50,871)	(76,318)
Proceeds from Sales of Investments	2,141,420	599,566
Purchase of Investments	(2,204,109)	(1,549,600)
Cash Received in Transfer in of Limited Partnership	526,944	-
Decrease (Increase) in Other Assets	(3,856)	12,824
<b>Net Cash Provided by (Used in) Investing Activities</b>	<b>410,928</b>	<b>(1,013,528)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayments of Finance Lease Liability	(3,556)	(9,891)
Repayments of Long-Term Debt	(31,001)	(623,165)
<b>Net Cash Used in Financing Activities</b>	<b>(34,557)</b>	<b>(633,056)</b>
Net Increase (Decrease) in Cash and Cash Equivalents	(724,155)	(270,464)
Cash and Cash Equivalents, Beginning of Year	1,552,658	1,823,122
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 828,503</b>	<b>\$ 1,552,658</b>

See Notes to Consolidated Financial Statements.

# People's City Mission

## Consolidated Statements of Cash Flows

Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Interest Paid	\$ 1,731	\$ 20,353
<b>NONCASH INVESTING AND FINANCE ACTIVITIES</b>		
Long-Term Debt Issued for Purchase of Property and Equipment	\$ -	\$ 56,156
Operating Lease Liabilities Incurred in Exchange for Operating Lease Right-of-Use Assets	-	520,078
Finance Lease Liabilities Incurred in Exchange for Finance Lease Right-of-Use Asset	-	27,480
<b>Transfer in of Limited Partnership</b>		
Bequests and Other Receivables	\$ (1,753)	\$ -
Prepaid Expenses and Other Current Assets	(1,860)	-
Property and Equipment, Net	(1,459,000)	-
Accrued Liabilities	24,275	-
<b>Net Assets Received in Transfer in of Limited Partnership</b>	<b>(1,438,338)</b>	<b>-</b>
Decrease in Investment in Curtis Center Housing, LP	97,626	-
Decrease in Due from Curtis Center Housing, LP	654,152	-
Gain on Transfer in of Limited Partnership	1,213,504	-
<b>Cash Received on Transfer in of Limited Partnership</b>	<b>\$ 526,944</b>	<b>\$ -</b>

See Notes to Consolidated Financial Statements.

# People's City Mission

## Notes to Consolidated Financial Statements

December 31, 2022 and 2021

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### 1. Summary of Significant Accounting Policies

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A summary of the significant accounting policies consistently applied in the preparation of the accompanying consolidated financial statements is set forth below.

#### ***Principles of Consolidation***

The consolidated financial statements of People's City Mission 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, collectively (the "Organization"). All significant intercompany balances and transactions have been eliminated in consolidation.

#### ***Nature of Operations***

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 Services:* Provides meals to shelter guests.

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

*Medical Clinic:* Provides health and dental 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:* Recycles donated clothing and goods.

# People's City Mission

## Notes to Consolidated Financial Statements

December 31, 2022 and 2021

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### ***Financial Statement Presentation***

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and support, revenue, expenses, and losses are classified based upon the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net Asset Without Donor Restrictions – Net assets whose use is not restricted by donors, even though their use may be limited in other respects, such as by contract or by board designation.

Net Assets With Donor Restrictions – Net assets whose use by the Organization has been limited by donors to later periods of time, after specified dates, or to specified purposes. At December 31, 2022 and 2021, the Organization had \$57,031 in assets with donor restrictions that were temporary in nature. Other donor-imposed restrictions may stipulate resources be maintained permanently but may permit the Organization to use up or expend part or all of the income (or economic benefits) derived from the donated assets. At December 31, 2022 and 2021, the Organization had \$53,642 and \$67,113, respectively, in assets with donor restrictions considered to be permanent in nature.

### ***Use of Estimates***

The preparation of consolidated 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 consolidated financial statements and the reported amounts of revenues and other support, expenses and losses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

### ***Cash and Cash Equivalents***

The Organization considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2022 and 2021, cash equivalents consisted primarily of money market accounts with brokers.

### ***Concentration of Credit Risk***

The Organization has several types of financial instruments subject to credit risk. The Organization maintains bank accounts in which the balances sometimes exceed the Federal Deposit Insurance Corporation (FDIC) limit of \$250,000. At December 31, 2022 and 2021, there were cash balances in excess of FDIC limits of approximately \$1,004,000 and \$1,052,000, respectively.

The Organization's receivables are also subject to credit risk.



# People's City Mission

## Notes to Consolidated Financial Statements

December 31, 2022 and 2021

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### ***Bequests and Other Receivables***

Bequests and other receivables are stated at the amount of consideration from donors of which the Organization has an unconditional right to receive. Based on a review of outstanding receivables, historical collection information, and existing economic conditions, no allowance for doubtful accounts is deemed necessary.

### ***Grant Reimbursements Receivable***

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, 2022 and 2021 have been recorded as receivables. Unearned portions of the grants are conditional upon the satisfaction of grant requirements and therefore are not included in the consolidated financial statements.

### ***Inventories***

Inventories consist primarily of donated food, clothing, furniture, toys, pharmaceuticals, and personal care items. Donated items are stated at an average market price comparable to discounted retail or thrift store prices at the time of donation. Clothing that is packaged for recycling is reduced to the lower of cost or net realizable value.

### ***Property and Equipment***

Property and equipment are recorded at cost. Expenditures for additions and betterments are capitalized; expenditures for maintenance and repairs are charged to expense as incurred. The costs of assets disposed and the related accumulated depreciation are eliminated from the accounts in the year of disposal. Gains or losses from property disposals are recognized in the year of disposal.

Depreciation is computed using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings and Improvements	7-39
Furniture and Equipment	3-10
Vehicles	5

### ***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 assets 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 the long-lived asset exceeds its fair value. Management does not believe any impairment existed at December 31, 2022 and 2021.

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# People's City Mission

## Notes to Consolidated Financial Statements

December 31, 2022 and 2021

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### ***Right-of-Use Assets and Lease Liabilities***

The Organization follows Accounting Standards Update 2016-02, *Leases (Topic 842)* ("ASU 2016-02") which requires a lessee to recognize a ROU asset and lease liability on the consolidated statements of financial position for all leases. The Organization has both operating and finance leases and has elected the short-term lease practical expedient to exclude leases with terms of 12 months or less from recognition on the consolidated statements of financial position. The Organization utilizes the incremental borrowing rate in determining the present value of lease payments unless the implicit rate is readily determinable.

### ***Investments***

Investments in equity securities having a readily determinable fair value are carried at fair value. Investment return includes dividend, interest, and other investment income and realized and unrealized gains and losses on investments carried at fair value.

Investment return that is initially restricted by donor stipulations and for which the restriction will be satisfied in the same year is included in net assets without donor restrictions. Other investment return is reflected in the consolidated statements of activities and changes in net assets as with or without donor restrictions based upon the existence or nature of any donor or legally imposed restrictions.

### ***Investment in Curtis Center Housing, LP***

At December 31, 2021, investment in Curtis Center Housing, LP consisted of a 0.01% ownership interest in Curtis Center Housing, LP. The investment was stated at initial cost plus equity in the affiliate's undistributed net income since acquisition. An unrelated investor limited partner owned the additional 99.99% interest. On December 31, 2022, the 99.99% interest in Curtis Center Housing, LP was transferred to the Organization (see Note 6).

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

The Organization is the beneficiary of certain perpetual and charitable remainder trusts. Under the perpetual trusts, the Organization has the irrevocable right to receive the income earned on the trust assets in perpetuity; however, the underlying assets can never be redeemed. Under the charitable remainder trusts, the Organization has the right to receive the trust assets upon termination or maturity of the corresponding trust. The beneficial interest in perpetual and remainder trusts are classified under net assets with donor restrictions and are adjusted annually through the consolidated statements of activities and changes in net assets for changes in fair value.

### ***Paycheck Protection Program Loan***

In April 2020, the Organization was granted a loan from a bank in the aggregate amount of \$375,000, pursuant to the Paycheck Protection Program ("PPP") under Division A, Title I of the CARES Act, which was enacted March 27, 2020 (the "PPP Loan"). Under the terms of the PPP Loan, certain amounts of the PPP Loan may be forgiven if they are used for qualifying expenses as described in the CARES Act.

# People's City Mission

## Notes to Consolidated Financial Statements

December 31, 2022 and 2021

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During 2021, the Organization was legally released as the primary obligor under the loan and recognized forgiveness totaling \$375,000 in the consolidated statement of activities and changes in net assets.

### ***Revenue Recognition***

The Organization's revenues, gains and other support are substantially made up of contributions and grants. Contributions and grants that do not meet the definition of an exchange transaction in accordance with ASC 606 are accounted for under the guidance in ASC 958 "Not-for-Profit Entities." Contributions and grants are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets with donor restrictions unless the restrictions are satisfied in the period the contribution is received, in which case they are reported as increases in net assets without donor restrictions. Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions of donated non-cash assets are recorded at estimated fair value when received.

### In-Kind Contributed Services

In-kind 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. The fair value of these services is based on the U.S Bureau of Labor Statistics mean hourly rate of the service provided. Contribution revenue recognized from contributed services consisted of professional services provided by doctors and nurses totaling \$77,025 and 88,120 for the years ended December 31, 2022 and 2021, respectively, which are included as in-kind contributions and program expenses for the medical clinic.

### In-Kind Contributions of Goods

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. The fair value of items are based on the estimated retail value (see Note 3). For the years ended December 31, 2022 and 2021, \$12,735,884 and \$12,675,185, 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, 2022 and 2021 was \$12,884,941 and \$12,623,885, respectively, and is included in specific assistance to individuals in program expenses.

### 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.

# People's City Mission

## Notes to Consolidated Financial Statements

December 31, 2022 and 2021

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### Clothing Recycling

Certain in-kind contributions of clothing are identified for recycling. The in-kind contribution of clothing identified for recycling is recorded at the market value for recycling sales ranging from \$0.18 to \$0.48 per pound. For the years ended December 31, 2022 and 2021, \$1,239,400 and \$936,915, respectively, was received in in-kind contributions identified and used for recycling. The Organization also purchased used goods to be sold for recycling totaling \$280,140 and \$484,484 in 2022 and 2021, respectively.

Clothing recycling revenues are recognized at a point in time when the recycled goods are shipped. Contracts have a single performance obligation and are typically considered short-term in nature. Payment is generally required within 30 days.

### Probation Housing Revenue

The Organization receives rent payments for housing individuals that are on probation. Revenue is recognized in the period housing services are provided.

Association revenues and support are disaggregated by applicable source on the accompanying statements of activities and changes in net assets.

### ***Advertising Costs***

The costs of advertising are expensed as incurred. Advertising costs were approximately \$177,000 and \$161,000 for the years ended December 31, 2022 and 2021, respectively.

### ***Functional Expenses***

The costs of supporting the various programs and other activities have been summarized on a functional basis in the consolidated statements of activities and changes in net assets. The consolidated statements of functional expenses present the natural classification detail of expenses by function. Certain categories of expenses are attributable to more than one program or supporting function; therefore, these expenses require allocation on a reasonable basis that is consistently applied. These expenses are allocated based on square footage, estimates of time and effort of personnel, and other methods.

### ***Income Taxes***

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision of state law. The consolidated financial statements will not reflect a provision for income taxes, except for the tax on unrelated business income. For the years ended December 31, 2022 and 2021, the Organization had no tax liability for unrelated business income.

The Organization follows the provisions of FASB Codification Topic 740-10 related to uncertain income tax positions. Management believes it has appropriate support for any tax positions taken, and as such, does not have any uncertain positions that are material to the consolidated financial statements. The Organization's Federal Returns of Organization Exempt from Income Tax (Form 990) for December 31, 2021, 2020, and 2019 are subject to examination by the IRS, generally for three years after they were filed.

# People's City Mission

## Notes to Consolidated Financial Statements

December 31, 2022 and 2021

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### *Subsequent Events*

Subsequent events are events or transactions that occur after the consolidated statement of financial position date, but before the consolidated financial statements are available to be issued and may require potential recognition or disclosure in the consolidated financial statements. Management has considered such events or transactions through June 19, 2023. In June 2023, the Organization executed a letter of intent to purchase land adjacent to its existing facility for a purchase price of approximately \$500,000.

### 2. Liquidity and Cash Management

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The Organization's financial assets available for general use within one year of December 31, 2022 include cash and cash equivalents, bequests and other receivables, and grant reimbursements receivable totaling \$2,089,556. The Organization also has investments totaling \$1,010,013 which could be liquidated if needed. The Organization has a policy to structure its financial assets to be available as its general expenditures and other obligations come due.

### 3. Inventories

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Inventories at December 31, consist of the following:

	<u>Unit Value Range</u>	<u>2022</u>	<u>2021</u>
Clothing	\$0.50 - \$10.00 per item	\$ 49,410	\$ 52,472
Clothing - Recycling	\$0.18 - \$0.48 per pound	35,055	39,360
Household items	\$0.05 - \$50.00 per item	26,419	234,271
Food	\$1.84 - \$1.92 per pound	142,767	75,373
Pharmacy and Medical Supplies	Variable	22,778	52,428
		<u>\$ 276,429</u>	<u>\$ 453,904</u>

### 4. Property and Equipment

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Property and equipment at December 31, consist of the following:

	<u>2022</u>	<u>2021</u>
Land	\$ 539,489	\$ 505,489
Buildings and Improvements	5,583,510	4,161,710
Furniture and Equipment	750,309	701,551
Vehicles	192,756	192,243
	<u>7,066,064</u>	<u>5,560,993</u>
Less: Accumulated Depreciation	<u>(3,610,313)</u>	<u>(3,444,700)</u>
Property and Equipment, Net	<u>\$ 3,455,751</u>	<u>\$ 2,116,293</u>

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# People's City Mission

## Notes to Consolidated Financial Statements

December 31, 2022 and 2021

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### 5. Fair Value Measurements

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FASB Codification Topic 820-10 on Fair Value Measurements (FASB 820-10) establishes a framework for measuring fair value and provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB 820-10 are described below:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or by other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2022 and 2021.

*Mutual Funds:* Valued at the closing price reported on the active market on which the individual securities are traded.

*Beneficial Interest in Remainder Trust:* Valued at the present value of the future distributions expected to be received over the term or upon termination of the agreement.

*Beneficial Interest in Perpetual Trusts:* Valued 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.

# People's City Mission

## Notes to Consolidated Financial Statements

### December 31, 2022 and 2021

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The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table presents, by level within the fair value hierarchy, the Organization's investments at fair value at December 31, 2022.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments				
Mutual Funds	<u>\$ 1,010,013</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,010,013</u>
Beneficial Interest in Remainder Trust	\$ -	\$ 57,031	\$ -	\$ 57,031
Beneficial Interest in Perpetual Trusts	-	-	53,642	53,642
Total Beneficial Interest in Perpetual and Remainder Trusts	<u>\$ -</u>	<u>\$ 57,031</u>	<u>\$ 53,642</u>	<u>\$ 110,673</u>

The following table presents, by level within the fair value hierarchy, the Organization's investments at fair value at December 31, 2021.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments				
Mutual Funds	<u>\$ 946,362</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 946,362</u>
Beneficial Interest in Remainder Trust	\$ -	\$ 57,031	\$ -	\$ 57,031
Beneficial Interest in Perpetual Trusts	-	-	67,113	67,113
Total Beneficial Interest in Perpetual and Remainder Trusts	<u>\$ -</u>	<u>\$ 57,031</u>	<u>\$ 67,113</u>	<u>\$ 124,144</u>

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# People's City Mission

## Notes to Consolidated Financial Statements

### December 31, 2022 and 2021

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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 Interest in Perpetual Trusts</b>
Balance, December 31, 2020	\$ 63,808
Change in Beneficial Interest in Perpetual Trusts	3,305
Balance, December 31, 2021	<u>67,113</u>
Change in Beneficial Interest in Perpetual Trusts	(13,471)
Balance, December 31, 2022	<u>\$ 53,642</u>

Change in beneficial interest in perpetual trusts is included in investment return in the consolidated statements of activities and changes in net assets.

### 6. Investment in Curtis Center Housing, LP

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#### **Ownership Interest**

PCM Housing Corporation (PCM Housing) was a general partner and had a 0.01% ownership interest in Curtis Center Housing, L.P. (CCH). After the applicable tax credit compliance period for the partnership, which is generally 15 years, PCM Housing had a first right of refusal to acquire the limited partner's interest in the partnership. On December 31, 2022, the limited partnership interests in CCH were transferred to PCM Housing. The main assets acquired include property and equipment. The fair value of the property and equipment acquired was \$1,459,000 resulting in a gain on transfer of \$1,213,504.

The financial position and results of operations of CCH for the year ended December 31, 2021 was as follows:

Cash and Cash Equivalents	\$ 400,535
Other Assets	15,360
Property and Equipment, Net	<u>1,550,151</u>
Total Assets	<u>\$ 1,966,046</u>
Current Liabilities	\$ 60,717
Mortgage Notes and Loans Payable	<u>1,013,940</u>
Total Liabilities	1,074,657
Partners' Equity	<u>891,389</u>
Total Liabilities and Partners' Equity	<u>\$ 1,966,046</u>
Total Revenues	\$ 257,805
Net Loss	\$ (273,297)

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# People's City Mission

## Notes to Consolidated Financial Statements

December 31, 2022 and 2021

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### Guarantees

CCH was formed for the purpose of acquiring, constructing, operating, managing, and leasing an apartment complex located on land owned by The People's City Mission Home (PCM Home).

Under the Partnership Agreement, PCM Housing was responsible for the overall management and control of CCH. During the 15-year compliance period, ending December 31, 2022, PCM Housing was responsible for ensuring that the apartment complex was operated as a low-income housing project, which included monitoring compliance with rent levels, income certifications, and other low-income housing requirements, including related reporting requirements.

PCM Housing and PCM 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 failed to perform the above obligations, it could be subjected to removal as general partner or be obligated for damages. Additionally, the Limited Partner had certain rights and abilities under the Partnership Agreement, including the right to veto or override decisions of the General Partner. Certain operating costs of CCH were paid by PCM Home. Effective December 31, 2022, the limited partnership interests in CCH were transferred to PCM Housing. At December 31, 2021, there was \$371,516 due from CCH for these costs.

### Operating Lease

The apartment complex was constructed on land owned by PCM Home and a ground lease was signed between PCM Home and CCH requiring annual rent of \$1.

### Incentive Management Agreement

PCM Housing was entitled to a management fee per the Incentive Management Agreement. The fee is only paid if there are available cash flows. No management fee was paid in 2022 or 2021.

## 7. Leases

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The Organization has both operating and finance leases. The Organization leases certain office equipment under a finance lease which expires April 2025. The Organization's operating leases consist of a lease for certain office equipment through April 2024 and a lease for its distribution facility which currently expires in October 2024. The distribution facility lease contains an option to extend the lease through October 2031. The lease also includes variable payments for common area maintenance (property taxes, maintenance, and insurance) which are considered nonlease components. The extension and nonlease components have not been included in the calculation of the right-of-use assets and lease liabilities.

# People's City Mission

## Notes to Consolidated Financial Statements

### December 31, 2022 and 2021

For the years ended December 31, 2022 and 2021, total lease cost and other information included in the calculation of the right-of-use assets and lease liabilities consisted of the following:

	<u>2022</u>	<u>2021</u>
<b><u>Lease Cost</u></b>		
Finance Lease Cost:		
Amortization of Right-of-Use Asset	\$ 5,859	\$ 9,160
Interest on Lease Liability	1,541	3,480
Operating Lease Expense	147,174	144,502
Nonlease Components - Common Area Maintenance	48,436	56,912
Total Lease Cost	<u>\$ 203,010</u>	<u>\$ 214,054</u>
<b><u>Other Information</u></b>		
Cash Paid for Amounts Included in the Measurement of Lease Liabilities:		
Operating Cash Flows from Operating Leases	\$ 153,655	\$ 144,952
Operating Cash Flows from Finance Leases	1,541	3,480
Financing Cash Flows from Finance Leases	3,556	9,891
Right-of-Use Asset Obtained in Exchange for Operating Lease Liability	-	520,078
Right-of-Use Asset Obtained in Exchange for Finance Lease Liability	-	27,480
Weighted-Average Remaining Lease Term (Years)		
- Operating Leases	1.7	2.8
Weighted-Average Remaining Lease Term (Years)		
- Finance Leases	2.3	3.3
Weighted-Average Discount Rate - Operating Leases	3.25%	3.25%
Weighted-Average Discount Rate - Finance Leases	9.51%	9.51%

Future minimum lease payments under these leases, excluding common area maintenance and other related operating expenses, for the years ending after December 31, 2022 and their reconciliation to the accompanying operating and finance lease liabilities at December 31, 2022 are as follows:

	<b><u>Operating Leases</u></b>	<b><u>Finance Leases</u></b>
<b><u>Year Ending December 31,</u></b>		
2023	\$ 156,333	\$ 6,471
2024	128,976	6,471
2025	-	2,696
Total Future Lease Payments	<u>285,309</u>	<u>15,638</u>
Less: Discount to Present Value	7,914	1,605
Total Lease Liabilities	<u>277,395</u>	<u>14,033</u>
Less: Current Portion	149,952	5,420
Lease Liabilities, Less Current Portion	<u>\$ 127,443</u>	<u>\$ 8,613</u>

# People's City Mission

## Notes to Consolidated Financial Statements

December 31, 2022 and 2021

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### 8. Long-Term Debt

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Long-term debt at December 31, consists of the following:

	<u>2022</u>	<u>2021</u>
Non-interest bearing note payable to a local municipality, due in monthly installments of \$625, through July 2029, collateralized by a deed of trust on the Organization's property.	\$ 48,125	\$ 55,625
Note payable to a bank, due in monthly installments of \$908, including interest at 3.25%, through April 2025, collateralized by certain equipment.	24,796	34,479
Vehicle financing arrangement, due in monthly installments of \$513, including interest at 1.90%, collateralized by the vehicle being financed. This note was paid in full in 2022.	-	<u>13,818</u>
Total Long-Term Debt	72,921	103,922
Less Current Portion	<u>17,745</u>	<u>23,016</u>
Long-Term Debt, Less Current Portion	<u>\$ 55,176</u>	<u>\$ 80,906</u>

The aggregate maturities of long-term debt for the years ending after December 31, 2022 are as follows:

<u>Year Ending December 31,</u>	
2023	\$ 17,745
2024	18,087
2025	11,465
2026	7,500
2027	7,500
Thereafter	<u>10,624</u>
	<u>\$ 72,921</u>

# People's City Mission

## Notes to Consolidated Financial Statements

December 31, 2022 and 2021

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### 9. Net Assets With Donor Restrictions

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Net assets with donor restrictions at December 31, are restricted for the following purposes:

	<u>2022</u>	<u>2021</u>
Perpetual in Nature		
Beneficial Interest in Perpetual Trusts	\$ 53,642	\$ 67,113
Time-Restricted for Future Periods		
Beneficial Interest in Remainder Trust	57,031	57,031
	<u>\$ 110,673</u>	<u>\$ 124,144</u>

During the year ended December 31, 2022, there were no net assets released from donor restriction. During the year ended December 31, 2021 net assets released from donor restrictions by incurring expenses satisfying the restricted purposes totaled \$24,876.

### 10. Commitments and Contingencies

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#### 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 claims costs, if any, for any reported and unreported incidents of potential improper professional service occurring during the year by estimating the probable ultimately costs of the incidents. Based upon the Clinic's claim experience, no such accrual has been made. It is reasonably possible this estimate could change significantly in the near term.

### 11. Defined Contribution Plan

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The Organization has a defined contribution plan covering substantially all employees. The Organization provides a matching contribution of up to 5% of eligible compensation for employees making voluntary contributions to the defined contribution plan. Defined contribution expense was approximately \$44,000 and \$33,000 for the years ended December 31, 2022 and 2021, respectively.

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**SUPPLEMENTARY INFORMATION**

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# People's City Mission

## Consolidating Statement of Financial Position

December 31, 2022

ASSETS	PCM Home	PCM Foundation	PCM Housing	PCM Medical Clinic	Eliminations	Total
<b>CURRENT ASSETS</b>						
Cash and Cash Equivalents	\$ 1,310,582	\$ 104,364	\$ 526,944	\$ 100,117	\$ -	\$ 2,042,007
Bequests and Other Receivables	4,029	-	1,753	-	-	5,782
Intercompany Receivables	151,952	923,462	-	-	(1,075,414)	-
Grant Reimbursements Receivable	41,767	-	-	-	-	41,767
Inventories	253,651	-	-	22,778	-	276,429
Prepaid Expenses and Other Current Assets	3,030	-	1,860	9,270	-	14,160
<b>Total Current Assets</b>	<b>1,765,011</b>	<b>1,027,826</b>	<b>530,557</b>	<b>132,165</b>	<b>(1,075,414)</b>	<b>2,380,145</b>
<b>PROPERTY AND EQUIPMENT, NET</b>	<b>1,996,751</b>	<b>-</b>	<b>1,459,000</b>	<b>-</b>	<b>-</b>	<b>3,455,751</b>
<b>OTHER ASSETS</b>						
Investments	1,010,013	-	-	-	-	1,010,013
Beneficial Interest in Perpetual and Remainder Trusts	110,673	-	-	-	-	110,673
Operating Lease Right-of-Use Assets	258,367	-	-	-	-	258,367
Finance Lease Right-of-Use Asset	12,461	-	-	-	-	12,461
Other Assets	88,286	-	-	-	-	88,286
<b>Total Other Assets</b>	<b>1,479,800</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,479,800</b>
<b>TOTAL ASSETS</b>	<b>\$ 5,241,562</b>	<b>\$ 1,027,826</b>	<b>\$ 1,989,557</b>	<b>\$ 132,165</b>	<b>\$ (1,075,414)</b>	<b>\$ 7,315,696</b>
<b>LIABILITIES</b>						
<b>CURRENT LIABILITIES</b>						
Accounts Payable	\$ 122,456	\$ -	\$ -	\$ -	\$ -	\$ 122,456
Intercompany Payable	-	-	654,152	421,262	(1,075,414)	-
Accrued Liabilities	189,169	-	24,275	-	-	213,444
Current Portion of Operating Lease Liabilities	149,952	-	-	-	-	149,952
Current Portion of Finance Lease Liability	5,420	-	-	-	-	5,420
Current Portion of Long-Term Debt	17,745	-	-	-	-	17,745
<b>Total Current Liabilities</b>	<b>484,742</b>	<b>-</b>	<b>678,427</b>	<b>421,262</b>	<b>(1,075,414)</b>	<b>509,017</b>
<b>LONG-TERM LIABILITIES</b>						
Operating Lease Liabilities, Less Current Portion	127,443	-	-	-	-	127,443
Finance Lease Liability, Less Current Portion	8,613	-	-	-	-	8,613
Long-Term Debt, Less Current Portion	55,176	-	-	-	-	55,176
<b>Total Long-Term Liabilities</b>	<b>191,232</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>191,232</b>
<b>Total Liabilities</b>	<b>675,974</b>	<b>-</b>	<b>678,427</b>	<b>421,262</b>	<b>(1,075,414)</b>	<b>700,249</b>
<b>NET ASSETS</b>						
Without Donor Restrictions	4,454,915	1,027,826	1,311,130	(289,097)	-	6,504,774
With Donor Restrictions	110,673	-	-	-	-	110,673
<b>Total Net Assets</b>	<b>4,565,588</b>	<b>1,027,826</b>	<b>1,311,130</b>	<b>(289,097)</b>	<b>-</b>	<b>6,615,447</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 5,241,562</b>	<b>\$ 1,027,826</b>	<b>\$ 1,989,557</b>	<b>\$ 132,165</b>	<b>\$ (1,075,414)</b>	<b>\$ 7,315,696</b>

See Independent Auditors' Report.

# People's City Mission

## Consolidating Statement of Activities and Changes in Net Assets

Year Ended December 31, 2022

	<u>PCM Home</u>	<u>PCM Foundation</u>	<u>PCM Housing</u>	<u>PCM Medical Clinic</u>	<u>Eliminations</u>	<u>Total</u>
<b>REVENUES, GAINS AND OTHER SUPPORT</b>						
Contributions	\$ 3,158,984	\$ 27,349	\$ -	\$ 108,863	\$ -	\$ 3,295,196
In-Kind Contributions	12,735,884	-	-	77,025	-	12,812,909
In-Kind Contributions - Clothing Recycling	1,239,400	-	-	-	-	1,239,400
Clothing Recycling	1,352,482	-	-	-	-	1,352,482
Gain on Transfer in of Partnership	-	-	1,213,504	-	-	1,213,504
Probation Housing Revenue	63,037	-	-	-	-	63,037
Grants	197,966	-	-	-	-	197,966
Other	79,839	-	-	-	-	79,839
<b>Total Revenues, Gains and Other Support</b>	<b>18,827,592</b>	<b>27,349</b>	<b>1,213,504</b>	<b>185,888</b>	<b>-</b>	<b>20,254,333</b>
<b>EXPENSES</b>						
Program Services	17,464,504	-	-	178,089	-	17,642,593
Management and General	816,001	81	-	-	-	816,082
Fundraising	589,814	-	-	-	-	589,814
<b>Total Expenses</b>	<b>18,870,319</b>	<b>81</b>	<b>-</b>	<b>178,089</b>	<b>-</b>	<b>19,048,489</b>
<b>Operating Income</b>	<b>(42,727)</b>	<b>27,268</b>	<b>1,213,504</b>	<b>7,799</b>	<b>-</b>	<b>1,205,844</b>
<b>Nonoperating - Investment Return</b>	<b>(534)</b>	<b>(7,919)</b>	<b>-</b>	<b>25</b>	<b>-</b>	<b>(8,428)</b>
<b>Change in Net Assets</b>	<b>(43,261)</b>	<b>19,349</b>	<b>1,213,504</b>	<b>7,824</b>	<b>-</b>	<b>1,197,416</b>
<b>Net Assets, Beginning of Year</b>	<b>4,608,849</b>	<b>1,008,477</b>	<b>97,626</b>	<b>(296,921)</b>	<b>-</b>	<b>5,418,031</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 4,565,588</b>	<b>\$ 1,027,826</b>	<b>\$ 1,311,130</b>	<b>\$ (289,097)</b>	<b>\$ -</b>	<b>\$ 6,615,447</b>

See Independent Auditors' Report.

**Lutz**