

CENTER FOR PEOPLE IN NEED

Independent Auditor's Report

Financial Statements

and

Additional Information

December 31, 2020 and 2019

CENTER FOR PEOPLE IN NEED

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Thomas, Kunc & Black, LLP

Independent Auditor's Report

To the Board of Directors
The Center for People in Need
Lincoln, Nebraska

We have audited the accompanying financial statements of The Center for People in Need (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Center for People in Need, Inc. as of December 31, 2020 and 2019 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.

Board of Directors
The Center for People in Need
Lincoln, NE

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on pages 20 and 21 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 audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 7, 2021, on our consideration of Center for People in Need's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Center for People in Need's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Center for People in Need's internal control over financial reporting and compliance.

Lincoln, Nebraska
April 7, 2021

Thomas, Kunc and Black, LLP

CENTER FOR PEOPLE IN NEED
 Statements of Financial Position
 Years Ended December 31, 2020 and 2019

Assets

	<u>2020</u>	<u>2019</u>
Current assets:		
Cash and cash equivalents	\$ 1,060,764	655,276
Grants receivable	90,304	210,658
Accounts receivable	166	23,802
Inventory	520,311	-
Prepaid expenses	67,787	36,914
Total current assets	<u>1,739,332</u>	<u>926,650</u>
Property and equipment (net)	<u>3,178,392</u>	<u>3,269,888</u>
Construction in progress deposit	<u>-</u>	<u>29,971</u>
Total assets	<u>\$ 4,917,724</u>	<u>4,226,509</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable	\$ 42,262	65,306
Deferred revenue	111,117	32,467
Accrued payroll and payroll taxes	84,696	72,109
Accrued paid time off	90,374	81,273
Other accrued expenses	511	1,801
Total current liabilities	<u>328,960</u>	<u>252,956</u>
Net assets - unrestricted:		
Net assets without donor imposed restrictions	4,503,013	3,861,965
Net assets with donor imposed restrictions	85,751	111,588
	<u>4,588,764</u>	<u>3,973,553</u>
Total liabilities and net assets	<u>\$ 4,917,724</u>	<u>4,226,509</u>

See accompanying notes to financial statements and independent auditor's report.

CENTER FOR PEOPLE IN NEED
 Statements of Activities and Changes in Net Assets
 Years Ended December 31, 2020

	Net assets without donor imposed restrictions	Net assets with donor imposed restrictions	Total
Revenues:			
Contributions	\$ 742,900	139,454	882,354
Grant revenue	577,000	698,988	1,275,988
C.A.R.E.S. Acts grants	12,000	380,630	392,630
PPP loan forgiveness	387,900	-	387,900
Family Medical Leave Act	16,880	-	16,880
Rental revenue	388,740	-	388,740
Miscellaneous	17,578	18,639	36,217
In-kind goods	6,774,047	-	6,774,047
In-kind services	16,064	-	16,064
Loss on disposal of equipment	-	-	-
Interest	1,969	-	1,969
Total revenues	<u>8,935,078</u>	<u>1,237,711</u>	<u>10,172,789</u>
Net assets released from restrictions	<u>1,263,548</u>	<u>(1,263,548)</u>	<u>-</u>
	<u>10,198,626</u>	<u>(25,837)</u>	<u>10,172,789</u>
Expenses:			
Program services	8,220,787	-	8,220,787
Supporting services:			
Management and general	1,149,939	-	1,149,939
Fundraising	186,852	-	186,852
Total expenses	<u>9,557,578</u>	<u>-</u>	<u>9,557,578</u>
Change in net assets	641,048	(25,837)	615,211
Net assets - unrestricted at beginning of year	<u>3,861,965</u>	<u>111,588</u>	<u>3,973,553</u>
Net assets - unrestricted at end of year	<u>\$ 4,503,013</u>	<u>85,751</u>	<u>4,588,764</u>

See accompanying notes to financial statements and independent auditor's report.

CENTER FOR PEOPLE IN NEED
Statement of Activities and Changes in Net Assets
Year Ended December 31, 2019

	Net assets without donor imposed restrictions	Net assets with donor imposed restrictions	Total
Revenues:			
Contributions	\$ 568,422	133,846	702,268
Grant revenue	966,000	1,040,155	2,006,155
C.A.R.E.S. Acts grants	-	-	-
PPP loan forgiveness	-	-	-
Family Medical Leave Act	-	-	-
Rental revenue	404,420	-	404,420
Miscellaneous	16,595	45,034	61,629
In-kind goods	5,575,216	-	5,575,216
In-kind services	19,586	-	19,586
Loss on disposal of equipment	(19,614)	-	(19,614)
Interest	119	-	119
Total revenues	<u>7,530,744</u>	<u>1,219,035</u>	<u>8,749,779</u>
Net assets released from restrictions	<u>1,168,197</u>	<u>(1,168,197)</u>	<u>-</u>
	<u>8,698,941</u>	<u>50,838</u>	<u>8,749,779</u>
Expenses:			
Program services	7,243,390	-	7,243,390
Supporting services:			
Management and general	1,165,957	-	1,165,957
Fundraising	149,063	-	149,063
Total expenses	<u>8,558,410</u>	<u>-</u>	<u>8,558,410</u>
Change in net assets	140,531	50,838	191,369
Net assets - unrestricted at beginning of year	<u>3,721,434</u>	<u>60,750</u>	<u>3,782,184</u>
Net assets - unrestricted at end of year	<u>\$ 3,861,965</u>	<u>111,588</u>	<u>3,973,553</u>

See accompanying notes to financial statements and independent auditor's report.

CENTER FOR PEOPLE IN NEED
Statement of Functional Expenses
Year Ended December 31, 2020

	Program Services	Management and General	Fundraising	Total
Salaries	\$ 937,080	610,410	135,550	1,683,040
Payroll tax expense	71,699	51,089	10,370	133,158
Employee benefits	154,272	82,314	15,150	251,736
Assistance to others	256,541	-	-	256,541
Assistance to others - in-kind	6,253,736	-	-	6,253,736
Occupancy	96,682	69,971	1,254	167,907
Supplies	174,539	33,262	1,259	209,060
Professional fees	122,426	39,632	-	162,058
Bank charges	-	4,937	-	4,937
Conferences and meetings	425	220	240	885
Depreciation	38,238	134,712	-	172,950
Insurance	46,298	19,633	1,708	67,639
Postage and shipping expenses	228	2,448	5,654	8,330
Printing and publications	3,669	42,203	9,068	54,940
Publications and dues	4,169	2,789	1,581	8,539
Repairs and maintenance	34,660	22,274	-	56,934
Travel	12,139	4,588	2	16,729
Other	4,689	4,675	-	9,364
Bad debts	-	252	-	252
Information technology	9,297	24,530	5,016	38,843
Total functional expenses	\$ 8,220,787	1,149,939	186,852	9,557,578

See accompanying notes to financial statements and independent auditor's report.

CENTER FOR PEOPLE IN NEED
Statement of Functional Expenses
Year Ended December 31, 2019

	Program Services	Management and General	Fundraising	Total
Salaries	\$ 880,949	563,615	110,742	1,555,306
Payroll tax expense	67,393	51,757	8,472	127,622
Employee benefits	149,471	105,166	5,309	259,946
Assistance to others	62,581	-	-	62,581
Assistance to others - in-kind	5,575,216	-	-	5,575,216
Occupancy	125,666	84,341	1,546	211,553
Supplies	224,102	32,155	967	257,224
Professional fees	11,995	28,148	-	40,143
Bank charges	-	3,486	-	3,486
Conferences and meetings	1,404	1,134	-	2,538
Depreciation	38,726	205,362	-	244,088
Insurance	42,126	15,641	1,583	59,350
Postage and shipping expenses	150	667	5,594	6,411
Printing and publications	7,086	35,492	8,690	51,268
Publications and dues	5,422	3,618	2,351	11,391
Repairs and maintenance	16,938	11,093	-	28,031
Travel	16,649	2,816	71	19,536
Other	5,778	2,915	-	8,693
Bad debts	204	-	-	204
Information technology	11,534	18,551	3,738	33,823
Total functional expenses	\$ 7,243,390	1,165,957	149,063	8,558,410

See accompanying notes to financial statements and independent auditor's report.

CENTER FOR PEOPLE IN NEED
Statements of Cash Flows
Years Ended December 31, 2020 and 2019

	2020	2019
Cash flows from operating activities:		
Change in net assets	\$ 615,211	191,369
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	172,950	244,088
Loss on disposal of equipment	-	19,614
Changes in assets and liabilities:		
Grants receivable	120,354	(77,577)
Accounts receivable	23,636	(9,599)
Inventory	(520,311)	-
Prepaid expenses	(30,873)	(5,129)
Construction in progress deposit	29,971	(29,971)
Accounts payable	(23,044)	(5,437)
Deferred revenue	78,650	30,717
Accrued payroll and payroll taxes	12,587	9,635
Accrued paid time off	9,101	19,633
Other accrued expenses	(1,290)	1,801
Total adjustments	(128,269)	197,775
Net cash flows from operating activities	486,942	389,144
Cash flows from investing activities:		
Purchase of property and equipment	(81,454)	(78,762)
Net cash flows from investing activities	(81,454)	(78,762)
Net increase (decrease) in cash and cash equivalents	405,488	310,382
Cash and cash equivalents at beginning of year	655,276	344,894
Cash and cash equivalents at end of year	\$ 1,060,764	655,276
Supplemental Cash Flow Information:		
Cash paid for interest	\$ -	-
Cash paid for income taxes	\$ -	-

See accompanying notes to financial statements and independent auditor's report.

CENTER FOR PEOPLE IN NEED
Notes to Financial Statements
Years Ended December 31, 2020 and 2019

- (1) Organization and summary of significant accounting policies:
- (a) Organization:

The Center for People in Need (Center) is a nonprofit Nebraska corporation providing opportunities for families as they address socio-economic barriers limiting their path to success. The Center's mission is to provide services and programs to low-income people that address their basic needs and help them achieve economic independence.
 - (b) Financial statement presentation:

The accompanying financial statements of the Center have been prepared on the accrual basis of accounting and conform to the accounting principles generally accepted in the United States of America as applicable to not-for-profit organizations.

Generally accepted accounting principles require nonprofit organizations to report information regarding its financial position and activities according to two classes of net assets: "net assets without donor imposed restrictions", which represents the expendable resources that are available for operations at management's discretion and "net assets with donor imposed restrictions", which represents resources whose use by the organization is limited by donor-imposed stipulations that either expire by passage of time nor can be fulfilled or otherwise removed by actions of the organization. In the accompanying financial statements, net assets that have similar characteristics have been combined into similar categories.
 - (c) Cash and cash equivalents:

Cash and cash equivalents consist of cash and investments with original maturities of 90 days or less.
 - (d) Investments:

The Center received the investments in late December 2019 as a contribution. The Center values the investments at fair market value in conformance with the accounting principles generally accepted in the United States of America.
 - (e) Receivables:

Grant and accounts receivable represent amounts that have been billed under agency contracts but not collected as of the date of the financial statements. All grant and accounts receivable represent amounts owned by government agencies. Accounts receivable are stated at the amount management expects to be collected from the outstanding balances.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Conditional promises to give are not included as support until the conditions are substantially met. There were no conditional promises to give for the years ending December 31, 2020 and 2019.
 - (f) Donated inventory:

Generally accepted accounting principles in the United States of America requires the receipt of donated goods to be recorded at fair market value at the date of receipt. Undistributed donated goods are recorded as an asset on the Statement of Financial Position.

See independent auditor's report.

CENTER FOR PEOPLE IN NEED
Notes to Financial Statements (Continued)
Years Ended December 31, 2020 and 2019

(1) Organization and summary of significant accounting policies (Continued):

(g) Property and equipment:

Property and equipment are capitalized at cost. Donations of equipment are recorded as a contribution at their estimated fair value. Buildings, improvements and equipment depreciated using the straight-line method over the estimated useful lives of the assets, which is 5 to 40 years. The Center's capitalization policy is to capitalize purchases and donations over \$5,000 with a useful life of greater than one year.

(h) Deferred income:

Funds received for particular purposes are deemed to be earned and reported as revenues when the Center has incurred expenditures in connection with the specific restrictions. Such amounts received but not yet earned are reported as deferred income.

(i) Accrued paid time off:

Employees of the Center are entitled to paid time off depending on job classification and length of service. In accordance with the accounting principles generally accepted in the United States of America, the fair market value of the liability has been recorded.

(j) Income taxes:

The Center is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Center qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2). As such, income earned in the performance of its exempt purpose is not subject to income tax. However, any income earned through activities not related to its exempt purpose is subject to income tax at normal corporate rates. The Center was not required to file Form 990-T for the years ending December 31, 2020 and 2019 and any such taxes owed, if any, are anticipated by management to be insignificant.

The Center believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Center's financial position, statements of activities or cash flows. Accordingly, the Center has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at December 31, 2020 and 2019.

The Center is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Center believes it is no longer subject to income tax examinations for fiscal years ending December 31, 2017 and prior.

The Center's policy is to classify income tax related interest and penalties in interest expense and other expenses, respectively.

(l) Net Assets:

Net Assets Without Donor Restrictions:

Net assets without donor restrictions are available for use at the discretion of the Board of Directors (Board) and / or management for general operating purposes. From time to time the Board designates a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion. For example, the Board may designate a portion of net assets without donor restrictions as a quasi-endowment (an amount to be treated by management as if it were part of the donor restricted endowment) for the purpose of securing the Center's long-term financial viability.

See independent auditor's report.

CENTER FOR PEOPLE IN NEED
Notes to Financial Statements (Continued)
Years Ended December 31, 2020 and 2019

(1) Organization and summary of significant accounting policies (Continued):

(l) Net Assets (Continued):

Net Assets With Donor Restrictions:

Net assets with donor restrictions consist of assets whose use is limited by donor imposed, time and/or purpose restrictions.

The Center reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires; that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restriction and reported in the statements of activities as net assets released from restrictions.

Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting the Center to expend the income generated by the assets in accordance with the provisions of additional donor-imposed stipulations or a Board approved spending policy.

(m) Recent adopted reporting principles:

The Center's predominant revenue is from contributions (both of financial assets and in-kind) or grants. These contributions and grants are principally awarded to the Center for the benefit of the public rather than as a fee for service transaction. As such, for this revenue the Center typically follows the guidance for revenue recognition of the *Not-for-Profit Entities* section of the Financial Accounting Standards Board's Accounting Standards Codification (the Codification).

Certain other revenue of the Center, predominantly rental revenue, is considered a reciprocal transaction and therefore, the Center relies upon the guidance of Topic 606 of the Codification. The Center holds formal contracts for rental income (as described in Note 4 and 9). The Center's performance obligation is to provide the specified property to the tenant on an ongoing basis. The Center fulfills the performance obligation and records the related revenue monthly due to the continuing utilization of the asset by the lessee. This revenue recognition pattern matches the anticipated receipt of the ongoing monthly rental payments specified in the contract. Therefore, absent timing differences for delayed or prepaid contractual monthly payments, there are no identifiable contract assets or liabilities related to the revenue. As of December 31, 2020, and 2019, there were no significant contract assets or liabilities.

See Note 4 and 9 for a description of the anticipated performance obligation and timing of receipts under these contracts. The Center does not incur significant costs to obtain the rental revenue contracts, it does not have any significant financing components to the contract, and it does not have any anticipated impairment losses, therefore, the Center has not adjusted its revenue recognition methodology for these elements.

(n) Expense allocation:

The costs of providing various programs and other activities have been summarized on a functional basis in the Statements of Activities and in the Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited principally by time-studies and direct identification of programs benefited.

See independent auditor's report.

CENTER FOR PEOPLE IN NEED

Notes to Financial Statements (Continued)

Years Ended December 31, 2020 and 2019

(1) Organization and summary of significant accounting policies (Continued):

(o) 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 amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(p) Risks and uncertainties:

In March 2020, the United States declared a national emergency related to the coronavirus (COVID-19) outbreak. The Center's operations are dependent on private and public donations and program fees from individuals and grants and contracts from federal, state and local governments. Access to grants and contracts from governmental entities may decrease or may not be available depending on appropriations. The outbreak may have a continued material adverse impact on economic and market conditions, triggering a period of national economic slowdown. As such, the financial condition and liquidity may be negatively impacted for the fiscal year ended December 31, 2021.

(q) ASU 2018-08 Accounting Principle:

In 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The Organization adopted the provisions of this new principle during the year ended December 31, 2020 and the presentation of the financial statements reflect the accommodation of this principle. The implementation of this pronouncement rightfully did not change the Organization's recorded revenue or net assets, but it clarified and modified the terminology used in evaluating the timing of revenue recognition.

(2) Inventories:

Inventory on hand as of December 31, 2020 and 2019 consist of the following:

	<u>2020</u>	<u>2019</u>
Food	\$ 381,757	-
Distributable goods	94,000	-
Diapers	44,554	-
Total	<u>\$ 520,311</u>	<u>-</u>

See independent auditor's report.

CENTER FOR PEOPLE IN NEED
Notes to Financial Statements (Continued)
Years Ended December 31, 2020 and 2019

(3) Property and equipment:

Property and equipment at December 31, 2020 and 2019 consist of the following:

	Estimated Useful Lives	2020	2019
Building	27.5 years	\$ 3,669,523	3,669,523
Building improvements	5 - 40 years	1,697,461	1,697,461
Furniture, fixtures, and equipment	5 - 7 years	236,034	154,580
Vehicles	5 - 7 years	41,260	41,260
Organizational costs	5 years	9,624	9,624
		<u>5,653,902</u>	<u>5,572,448</u>
Less accumulated depreciation		<u>(2,475,510)</u>	<u>(2,302,560)</u>
		<u>\$ 3,178,392</u>	<u>3,269,888</u>

(4) In-kind donations:

Donated services, materials, and equipment are reflected as contributions in the accompanying statements at their estimated fair market values at date of receipt. Donations of services are recognized at fair market value if the services received require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

The Center received donated services in the amount of \$16,065 and \$19,586 for the year ended December 31, 2020 and 2019, respectively.

The Center receives a substantial amount of goods as in-kind donations for several of its programs. The financial statements for the years ended December 31, 2020 and 2019, as presented, include \$6,253,736 and \$5,575,216 respectively, as revenue and support titled "In-kind goods" on the Statements of Activities. The related expenses are titled "Assistance to others – in-kind" on the Statements of Functional Expenses.

The valuation of the in-kind donations used for recording the revenues and expenses are an estimate based on information received from a national reporting service, Gifts In-Kind, which receives the goods from various well-known retailers.

See independent auditor's report.

CENTER FOR PEOPLE IN NEED
Notes to Financial Statements (Continued)
Years Ended December 31, 2020 and 2019

(4) In-kind donations (Continued):

	Program Services	Management and General	Fundraising	Total
For the year end December 31, 2020				
Assistance to others - in-kind	\$ 6,253,736	-	-	6,253,736
Professional fees	-	16,064	-	16,064
Repairs and maintenance	-	-	-	-
Total in-kind expenses	<u>\$ 6,253,736</u>	<u>16,064</u>	<u>-</u>	<u>6,269,800</u>
For the year end December 31, 2019				
Assistance to others - in-kind	\$ 5,575,216	-	-	5,575,216
Professional fees	-	7,586	-	7,586
Repairs and maintenance	12,000	-	-	12,000
Total in-kind expenses	<u>\$ 5,587,216</u>	<u>7,586</u>	<u>-</u>	<u>5,594,802</u>

(5) Rental revenue:

The Center received rental revenue on two leases from Unit 3 of the building and lease of the Center's sign. The rental revenue totaled \$388,740 and \$404,420 for the years ended December 31, 2020 and 2019, respectively. The lease on Unit 3 will expire June 2022 and the sign expire May 2040.

The leases provide for minimum rent, which includes operating costs (i.e. utilities) and parking. The cost of one sublease is determined by fees for actual use of the space per month. The future anticipated fees for this sublease are not quantifiable.

Beginning in March 2014, the Center leased a house from NeighborWorks, Inc. The Center had a sublease agreement for the house with a client. The Center's sublease specified that the tenant would pay a monthly rental payment of \$550, which was remittable by the Center directly to NeighborWorks, Inc. The lease was set to expire in February 2024. This lease agreement was cancelled in December 2020 and the Center is no longer associated with this lease. See also Note 10.

The future minimum rental revenue from the office and house leases is as follows:

Year ended:	2020	2019
December 31, 2020	\$ -	385,700
December 31, 2021	385,700	98,750
December 31, 2022	200,900	6,600
December 31, 2023	16,600	6,600
December 31, 2024	11,100	1,100
December 31, 2025	10,000	-
Thereafter	162,500	-
	<u>\$ 786,800</u>	<u>498,750</u>

See independent auditor's report.

CENTER FOR PEOPLE IN NEED

Notes to Financial Statements (Continued)

Years Ended December 31, 2020 and 2019

(6) Related party transactions:

The Center receives grants from a donor advised fund, held by the Greater Kansas City Community Foundation. These grants were established by the Center's Founder/Advocate, Beatty Brasch. The grants were in the amount of \$522,000 and \$845,000 for the years ended December 31, 2020 and 2019, respectively.

In August 2020, the Center signed a memorandum of understanding with the Junior League of Lincoln (League) starting the "Junior League of Lincoln Diaper Bank". As part of the Memorandum, the Center agreed to join the National Diaper Bank Network, maintain, store and distribute the diapers, apply for grants and other funding needed for operations and supply data on the diaper distribution to the League.

(7) Concentration of credit risk:

The Center maintains cash on deposit in a checking account and a "Short Term Federal Investment Trust" (STFIT) account at one financial institution located in Nebraska. The checking account at this institution is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 for the years ended December 31, 2020 and 2019.

The "Short Term Federal Investment Trust" (STFIT) account is secured (not insured) by U.S. government obligations and U.S. government agency investments.

Amounts in excess of those insured by the FDIC were as follows as of December 31:

	2020	2019
FDIC insured account:		
Total cash deposited	\$ 69,360	179,807
Portion insured by FDIC	(69,360)	(78,170)
Uninsured cash balance	\$ -	101,637
STFIT secured account		
Total cash deposited	\$ 1,013,058	488,119

(8) Concentration of revenues:

The Center received grants from Greater Kansas City Community Foundation representing 15.36% and 28.98% of total revenue less in-kind contributions for 2020 and 2019, respectively.

The Center receives a significant amount of in-kind contributions during a given year. During 2020 and 2019, the Center received in-kind donations from two organizations which represented 48.96% and 59.93% of total revenue, respectively.

See independent auditor's report.

CENTER FOR PEOPLE IN NEED
Notes to Financial Statements (Continued)
Years Ended December 31, 2020 and 2019

(9) Deferred income:

Deferred revenue consists of deferred grants, contributions and rental income were as follows as of December 31:

	2020	2019
Rental income	\$ 31,117	32,467
Grants and contributions	80,000	-
Total	\$ 111,117	32,467

(10) Commitments:

Lease and other agreements:

The Center has copier leases and related service contracts on other copiers through May 2022. The monthly lease payment for equipment is \$2,502 plus any overage costs on excess usage. Lease expense under the contract was \$43,808 and \$41,505 for the years ended December 31, 2020 and 2019, respectively.

As discussed in Note 4, the Center leased a house from NeighborWorks, Inc. for the benefit of one of the Center's clients. The lease requires the assignment of rents from the sublease which are \$550 per month. The lease did not have provision for additional financial commitment for the Center beyond remittance of sublease rental payments. The lease was set to expire in February 2024 or automatically if the sublessee abandons the property. This lease agreement was cancelled in December 2020 and the Center is no longer associated with this lease.

The Center has telephone and internet equipment leases and related service commitments through December 2023. The monthly lease payment for equipment and internet service plus other fees is \$1,585 including taxes. Lease expense under the contract was \$19,061 and \$18,427 for the years ended December 31, 2020 and 2019, respectively.

Required future minimum rental payments under the above commitments as of December 31 are as follows:

Year ended:	2020	2019
December 31, 2020	\$ -	55,822
December 31, 2021	49,222	55,822
December 31, 2022	31,710	38,310
December 31, 2023	19,201	25,801
December 31, 2024	-	1,100
December 31, 2025	-	-
Thereafter	-	-
	\$ 100,133	176,855

See independent auditor's report.

CENTER FOR PEOPLE IN NEED
Notes to Financial Statements (Continued)
Years Ended December 31, 2020 and 2019

(10) Net Assets Without Donor Restrictions:

The Center's net assets without donor restrictions is comprised of the following amounts at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Net assets without restrictions	\$ 4,503,013	3,861,965
Board designated:	-	-
Total net assets without donor imposed restrictions	<u>\$ 4,503,013</u>	<u>3,861,965</u>

(11) Net Assets With Donor Restrictions:

The Center's net assets with donor restrictions is comprised of the following amounts at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
People Obtaining Prosperity	\$ 26,700	25,000
Computer lab	10,980	12,738
Diaper Bank	29,419	5,050
Toyland for Kids program	3,587	7,289
Commodities Supplement Food Program	1,338	-
C.A.R.E.S. Act	3,000	-
Lincoln Community Foundation CARES	10,727	-
Client assistance	-	12,491
Freezer	-	49,020
Total net assets with donor imposed restrictions	<u>\$ 85,751</u>	<u>111,588</u>

(12) Liquidity and Availability of Resources:

The Center's financial assets available within one year of the statements of financial position date for general expenditure are as follows:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 1,060,764	655,276
Grants receivable	90,304	210,658
Accounts receivable	166	23,802
Less those unavailable for general expenditures within one year, due to:		
Net Assets With Donor Restrictions	<u>(85,751)</u>	<u>(111,588)</u>
Total financial assets available to management for general expenditure within one year	<u>\$ 1,065,483</u>	<u>778,148</u>

See independent auditor's report.

CENTER FOR PEOPLE IN NEED
Notes to Financial Statements (Continued)
Years Ended December 31, 2020 and 2019

(13) Pension Plan:

The Center provides a 403(b) defined contribution plan to eligible employees upon the date of hire. The Center matches up to 1% of eligible employee's salary after six months of service and additional employee contributions are optional. The Center's expense under this plan for the years ended December 31, 2020 and 2019 was \$14,364 and \$12,272, respectively.

(14) Beneficial interest of endowment funds:

Donors established six endowment funds (the Funds) with the Lincoln Community Foundation, Inc. as the holding entity for the benefit of Center for People in Need. Under the terms of the endowment agreement, an annual distribution will be made in November of each year. The distributions are based on each Funds' earnings.

In accordance with the *Transfer of Assets to a Non-Profit Entity or Charitable Trust that Raises or Holds Contributions for Others* paragraphs of the *Not-for-Profit Entities* topic of the FASB Accounting Standards Codification, the total endowment is not recorded by the Center. Instead, the distributions to the Center will be recorded in the year of receipt. The Center received distributions of \$47,961 and \$41,881 distribution from the Fund for general operating purposes for the years ended December 31, 2020 and 2019, respectively

(15) FASB ASC 606 new accounting guidance implementation:

The Financial Accounting Standards Board (FASB) issued new guidance that created Topic 606, *Revenue from Contracts with Customers*, in the Accounting Standards Codification (ASC).

Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, *Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for goods or services. The new guidance also added Subtopic 340-40, *Other Assets and Deferred Costs – Contracts with Customers*, to the ASC to require the deferral of incremental costs of obtaining a contract with a customer. Collectively, we refer to the new Topic 606 and Subtopic 340-40 as the "new guidance."

The Center adopted the requirements of the new guidance as of January 1, 2019, utilizing the full retrospective method of transition. As described in Note 1(m), the Center's primary revenue type which is considered a fee-for-service transaction is rental revenue. After analyzing the rental contracts based on the new guidance, the Center did not identify a substantial change in the revenue and cost recognition between the preceding and new guidance.

The Center's lease contracts in place as of January 1, 2019, did not include a variable consideration component. Additionally, revenue had been fully realized to the extent that milestones on the performance obligation had been achieved. Thus, there was no adjustment necessary to record a revenue and cost recognition-related contract balance at December 31, 2019, under the new guidance as opposed to the prior revenue recognition guidance. Accordingly, no adjustment to beginning net assets was necessary.

(16) Financial statement presentation:

Amounts for 2019 have been reclassified in some cases to conform to current statement presentation.

(17) Subsequent events:

In preparing these financial statements, the Center has evaluated events and transactions for potential recognition or disclosure through April 7, 2021, the date the financial statements were available to be issued.

See independent auditor's report.

ADDITIONAL INFORMATION

CENTER FOR PEOPLE IN NEED
Statement of Program Expenses by Services
Year Ended December 31, 2020

	Truckloads	Neighborhood Food	Thanksgiving	Prison Re-Entry	People Obtaining Prosperity	Others	Total Program Expenses
Salaries	\$ 36,364	417,089	-	271,504	94,309	117,814	937,080
Payroll tax expense	2,782	31,881	-	20,770	7,253	9,013	71,699
Employee benefits	6,107	53,199	-	52,387	14,891	27,688	154,272
Assistance to others	-	-	-	4,877	8,566	243,098	256,541
Assistance to others - in-kind	5,803	6,247,933	-	-	-	-	6,253,736
Occupancy	27,739	14,732	-	31,964	-	22,247	96,682
Supplies	17,448	66,236	-	55,075	1,644	34,136	174,539
Professional fees	-	112,426	-	-	-	10,000	122,426
Bank charges	-	-	-	-	-	-	-
Conferences and meetings	-	-	-	-	-	425	425
Depreciation	-	-	-	-	-	38,238	38,238
Insurance	11,627	9,450	-	15,154	838	9,229	46,298
Postage and shipping expenses	-	-	-	37	118	73	228
Printing and publications	384	132	-	1,972	75	1,106	3,669
Publications and dues	-	368	-	2,275	-	1,526	4,169
Repairs and maintenance	3,677	20,127	-	7,282	-	3,574	34,660
Travel	594	10,800	-	241	-	504	12,139
Other	-	-	-	-	-	4,689	4,689
Bad debts	-	-	-	-	-	-	-
Information technology	9,125	-	-	-	-	172	9,297
	<u>121,650</u>	<u>6,984,373</u>	<u>-</u>	<u>463,538</u>	<u>127,694</u>	<u>523,532</u>	<u>8,220,787</u>

See accompanying notes to financial statements and independent auditor's report on additional information.

CENTER FOR PEOPLE IN NEED
Statement of Program Expenses by Services
Year Ended December 31, 2019

	Truckloads	Neighborhood Food	Thanksgiving	Prison Re-Entry	People Obtaining Prosperity	Others	Total Program Expenses
Salaries	\$ 78,263	97,065	10,725	400,992	86,874	207,030	880,949
Payroll tax expense	5,987	7,426	820	30,676	6,646	15,838	67,393
Employee benefits	13,186	14,151	1,741	66,856	13,229	40,308	149,471
Assistance to others	-	-	-	7,570	19,312	35,699	62,581
Assistance to others - in-kind	639,722	4,805,191	11,471	-	-	118,832	5,575,216
Occupancy	31,519	28,820	-	38,678	-	26,649	125,666
Supplies	26,947	39,763	18,854	66,938	293	71,307	224,102
Professional fees	1,995	-	-	-	-	10,000	11,995
Bank charges	-	-	-	-	-	-	-
Conferences and meetings	-	-	-	-	-	1,404	1,404
Depreciation	-	-	-	-	-	38,726	38,726
Insurance	8,564	8,960	100	14,792	908	8,802	42,126
Postage and shipping expenses	-	-	-	69	-	81	150
Printing and publications	278	732	87	1,463	196	4,330	7,086
Publications and dues	340	181	-	3,736	-	1,165	5,422
Repairs and maintenance	8,466	3,049	-	1,767	-	3,656	16,938
Travel	3,110	7,113	207	2,325	-	3,894	16,649
Other	15	-	-	50	-	5,713	5,778
Bad debts	-	-	-	-	-	204	204
Information technology	-	-	-	8,520	-	3,014	11,534
	<u>818,392</u>	<u>5,012,451</u>	<u>44,005</u>	<u>644,432</u>	<u>127,458</u>	<u>596,652</u>	<u>7,243,390</u>

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