

CENTER FOR PEOPLE IN NEED

Independent Auditor's Report

Financial Statements

and

Additional Information

December 31, 2019 and 2018

CENTER FOR PEOPLE IN NEED

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Thomas, Kunc & Black, LLP

Independent Auditor's Report

To the Board of Directors
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, 2019 and 2018, 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 principles 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 qualified opinion.

Basis for Qualified Opinion

As described in Note 1(f) to the financial statements, Center for People in Need, Inc. does not record its donated inventory as an asset on its statements of financial position. Accounting principles generally accepted in the United States of America require donated inventory be recognized as revenue and related inventory at fair value as it is received and expensed as distributed. The effect on the accompanying financial statements of the failure to record donated inventory has not been determined.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, 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, 2019 and 2018 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
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 19 and 20 are 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.

Lincoln, Nebraska
April 2, 2020

Thomas, Kure and Black, LLP

CENTER FOR PEOPLE IN NEED
 Statements of Financial Position
 Years Ended December 31, 2019 and 2018

Assets

	<u>2019</u>	<u>2018</u>
Current assets:		
Cash and cash equivalents	\$ 655,276	344,894
Grants receivable	210,658	133,081
Accounts receivable	23,802	14,203
Prepaid expenses	36,914	31,785
Total current assets	<u>926,650</u>	<u>523,963</u>
Property and equipment (net)	<u>3,269,888</u>	<u>3,454,828</u>
Construction in progress deposit	<u>29,971</u>	<u>-</u>
Total assets	<u>\$ 4,226,509</u>	<u>3,978,791</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable	\$ 65,306	70,743
Deferred revenue	32,467	1,750
Accrued payroll and payroll taxes	72,109	62,474
Accrued paid time off	81,273	61,640
Other accrued expenses	1,801	-
Total current liabilities	<u>252,956</u>	<u>196,607</u>
Net assets - unrestricted:		
Net assets without donor imposed restrictions	3,861,965	3,721,434
Net assets with donor imposed restrictions	<u>111,588</u>	<u>60,750</u>
	<u>3,973,553</u>	<u>3,782,184</u>
Total liabilities and net assets	<u>\$ 4,226,509</u>	<u>3,978,791</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, 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
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 Activities and Changes in Net Assets
Year Ended December 31, 2018

	Net assets without donor imposed restrictions	Net assets with donor imposed restrictions	Total
Revenues:			
Contributions	\$ 397,600	107,299	504,899
Grant revenue	1,056,057	993,219	2,049,276
Rental revenue	398,400	-	398,400
Miscellaneous	17,664	18,762	36,426
In-kind goods	5,246,941	-	5,246,941
In-kind services	38,550	-	38,550
Loss on disposal of equipment	-	-	-
Interest	-	-	-
Total revenues	<u>7,155,212</u>	<u>1,119,280</u>	<u>8,274,492</u>
Net assets released from restrictions	<u>1,139,801</u>	<u>(1,139,801)</u>	<u>-</u>
	<u>8,295,013</u>	<u>(20,521)</u>	<u>8,274,492</u>
Expenses:			
Program services	7,383,935	-	7,383,935
Supporting services:			
Management and general	858,744	-	858,744
Fundraising	<u>172,668</u>	<u>-</u>	<u>172,668</u>
Total expenses	<u>8,415,347</u>	<u>-</u>	<u>8,415,347</u>
Change in net assets	(120,334)	(20,521)	(140,855)
Net assets - unrestricted at beginning of year	<u>3,841,768</u>	<u>81,271</u>	<u>3,923,039</u>
Net assets - unrestricted at end of year	<u>\$ 3,721,434</u>	<u>60,750</u>	<u>3,782,184</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, 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

Statement of Functional Expenses

Year Ended December 31, 2018

	Program Services	Management and General	Fundraising	Total
Salaries	\$ 1,175,319	337,816	111,843	1,624,978
Payroll tax expense	91,441	28,135	8,556	128,132
Employee benefits	258,751	68,024	15,653	342,428
Assistance to others	70,029	-	-	70,029
Assistance to others - in-kind	5,246,941	-	-	5,246,941
Occupancy	144,169	69,890	1,634	215,693
Supplies	224,654	13,646	11,308	249,608
Professional fees	34,748	19,503	812	55,063
Bank charges	-	4,196	-	4,196
Conferences and meetings	316	720	-	1,036
Depreciation	41,383	234,504	-	275,887
Insurance	44,984	20,377	1,575	66,936
Postage and shipping expenses	319	692	5,292	6,303
Printing and publications	11,778	28,088	10,218	50,084
Publications and dues	7,209	3,474	1,769	12,452
Repairs and maintenance	9,056	7,753	558	17,367
Travel	6,138	1,738	126	8,002
Other	5,981	2,967	-	8,948
Bad debts	-	140	-	140
Information technology	10,719	17,081	3,324	31,124
	<u>7,383,935</u>	<u>858,744</u>	<u>172,668</u>	<u>8,415,347</u>
Total functional expenses	\$ <u>7,383,935</u>	<u>858,744</u>	<u>172,668</u>	<u>8,415,347</u>

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

CENTER FOR PEOPLE IN NEED
 Statements of Cash Flows
 Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Change in net assets	\$ 191,369	(140,855)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	244,088	275,887
Loss on disposal of equipment	19,614	-
Changes in assets and liabilities:		
Grants receivable	(77,577)	469
Accounts receivable	(9,599)	(7,463)
Prepaid expenses	(5,129)	726
Construction in progress deposit	(29,971)	-
Accounts payable	(5,437)	22,233
Deferred revenue	30,717	(5,625)
Accrued payroll and payroll taxes	9,635	(2,571)
Accrued paid time off	19,633	6,344
Other accrued expenses	1,801	-
Total adjustments	<u>197,775</u>	<u>290,000</u>
Net cash flows from operating activities	<u>389,144</u>	<u>149,145</u>
Cash flows from investing activities:		
Purchase of property and equipment	<u>(78,762)</u>	<u>(22,212)</u>
Net cash flows from investing activities	<u>(78,762)</u>	<u>(22,212)</u>
Net increase (decrease) in cash and cash equivalents	310,382	126,933
Cash and cash equivalents at beginning of year	<u>344,894</u>	<u>217,961</u>
Cash and cash equivalents at end of year	<u>\$ 655,276</u>	<u>344,894</u>
Supplemental Cash Flow Information:		
Cash paid for interest	<u>\$ -</u>	<u>-</u>
Cash paid for income taxes	<u>\$ -</u>	<u>-</u>

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

CENTER FOR PEOPLE IN NEED

Notes to Financial Statements

Years Ended December 31, 2019 and 2018

- (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 accomplishes this through bringing extra resources to agencies that service people in need and advocating for systematic changes.
- (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, 2019 and 2018.
- (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. In addition, undistributed donated goods should be recorded as an asset on the Statement of Financial Position. The Center's Board of Directors is familiar with the requirements of accounting standards. The Board has elected to omit the recording of undistributed donated goods as an asset because they believe the costs to quantify and value the inventory would outweigh the benefit. The effect of this omission on the financial statements is unknown.

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

CENTER FOR PEOPLE IN NEED
Notes to Financial Statements (Continued)
Years Ended December 31, 2019 and 2018

(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, 2019 and 2018 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, 2019 and 2018.

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, 2016 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 accompanying notes to financial statements and independent auditor's report.

CENTER FOR PEOPLE IN NEED
Notes to Financial Statements (Continued)
Years Ended December 31, 2019 and 2018

(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:

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which is a comprehensive new revenue recognition standard that will supersede existing revenue recognition guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. FASB issued ASU 2015-14 that deferred the effective date for the Center until annual periods beginning after December 15, 2018. Earlier adoption is permitted subject to certain limitations. The amendments in this update are required to be applied retrospectively to each prior reporting period presented or with the cumulative effect being recognized at the date of initial application. The Center is currently evaluating the effect the provisions of this ASU will have on the financial statements.

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, 2019, and 2018, there were no significant contract assets or liabilities.

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

CENTER FOR PEOPLE IN NEED

Notes to Financial Statements (Continued)

Years Ended December 31, 2019 and 2018

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

(m) Recent adopted reporting principles (Continued):

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.

(n) 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.

(2) Property and equipment:

Property and equipment at December 31, 2019 and 2018 consist of the following:

	Estimated Useful Lives	2019	2018
Building	27.5 years	\$ 3,669,523	3,669,523
Building improvements	5 - 40 years	1,697,461	1,692,387
Furniture, fixtures, and equipment	5 - 7 years	154,580	214,695
Vehicles	5 - 7 years	41,260	29,260
Organizational costs	5 years	9,624	9,624
		<u>5,572,448</u>	<u>5,615,489</u>
Less accumulated depreciation		<u>(2,302,560)</u>	<u>(2,160,661)</u>
		<u>\$ 3,269,888</u>	<u>3,454,828</u>

(3) 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 \$38,550 during the year ended December 31, 2018. There were no such services received for the year ending December 31, 2019.

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, 2019 and 2018, as presented, include \$5,594,802 and \$5,246,941 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.

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

CENTER FOR PEOPLE IN NEED
Notes to Financial Statements (Continued)
Years Ended December 31, 2019 and 2018

(3) In-kind donations (Continued):

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.

Inventory retained in the Center's warehouse is not recorded as an asset on the financial statements. The in-kind goods are received in batches, which contain a variety of items that are not valued separately. All in-kind goods are reflected as revenues and program expenses in the year received.

	Program Services	Management and General	Fundraising	Total
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	\$ 5,587,216	7,586	-	5,594,802
For the year end December 31, 2018				
Salaries	-	38,550	-	38,550
Assistance to others - in-kind	5,246,941	-	-	5,246,941
Total in-kind expenses	\$ 5,246,941	38,550	-	5,285,491

(4) Rental revenue:

The Center received rental revenue on three leases from Unit 1 and Unit 2 of the building and lease of the Center's sign. The rental revenue totaled \$404,420 and \$398,400 for the years ended December 31, 2019 and 2018, respectively. These leases started expiring June 2015 and continue to expire through May 2020.

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 Neighborhoods, Inc. The Center has a sublease agreement for the house with a client. The Center's sublease specifies that the tenant will pay a monthly rental payment of \$550, which is remittable by the Center directly to Neighborhoods, Inc. The lease will expire in February 2024. See also Note 9.

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

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

CENTER FOR PEOPLE IN NEED
Notes to Financial Statements (Continued)
Years Ended December 31, 2019 and 2018

(4) Rental revenue (Continued):

<u>Year ended:</u>	<u>2019</u>	<u>2018</u>
December 31, 2019	\$ -	385,700
December 31, 2020	385,700	385,700
December 31, 2021	98,750	98,750
December 31, 2022	6,600	6,600
December 31, 2023	6,600	6,600
December 31, 2024	1,100	1,100
Thereafter	-	-
	<u>\$ 498,750</u>	<u>884,450</u>

(5) Related party transactions:

The former Executive Director provides services to the Center at no cost. The amount is recognized as an in-kind services contribution and salary expense in the Statements of Activities and Functional Expenses in the amount of \$38,550 for the year ended December 31, 2018, which was all attributable to the management and general function. The former Executive Director retired during the year ended December 31, 2018 and, therefore, there was no continuing expenses for 2019.

(6) 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, 2019 and 2018.

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:

	<u>2019</u>	<u>2018</u>
FDIC insured account:		
Total cash deposited	\$ 179,807	340,182
Portion insured by FDIC	(78,170)	(250,000)
Uninsured cash balance	<u>\$ 101,637</u>	<u>90,182</u>
STFIT secured account		
Total cash deposited	<u>\$ 488,119</u>	<u>-</u>

(7) Concentration of revenues:

The Center received grants from Greater Kansas City Community Foundation representing 28.98% and 34.22% of total revenue less in-kind contributions for 2019 and 2018, respectively.

The Center receives a significant amount of in-kind contributions during a given year. During 2019 and 2018, the Center received in-kind donations from two organizations which represented 59.93% and 52.59% of total revenue, respectively.

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

CENTER FOR PEOPLE IN NEED
Notes to Financial Statements (Continued)
Years Ended December 31, 2019 and 2018

- (8) Deferred income:
Deferred revenue consists of deferred rental income as of December 31, 2019 and 2018, respectively.

- (9) 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 \$41,505 and \$30,003 for the years ended December 31, 2019 and 2018, respectively.

As discussed in Note 4, the Center leases a house from Neighborhoods, 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 does not have provision for additional financial commitment for the Center beyond remittance of sublease rental payments. The lease will expire in February 2024 or automatically if the sublessee abandons the property.

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 \$18,427 for the years ended December 31, 2019.

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

<u>Year ended:</u>	<u>2019</u>	<u>2018</u>
December 31, 2019	\$ -	55,019
December 31, 2020	55,822	55,822
December 31, 2021	55,822	55,822
December 31, 2022	38,310	38,310
December 31, 2023	25,801	25,801
December 31, 2024	1,100	1,100
Thereafter	-	-
	<u>\$ 176,855</u>	<u>231,874</u>

- (10) Net Assets Without Donor Restrictions:

The Center's net assets without donor restrictions is comprised of the following amounts at December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Undesignated	\$ 3,861,965	3,721,434
Board designated:	-	-
Total net assets without donor imposed restrictions	<u>\$ 3,861,965</u>	<u>3,721,434</u>

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

CENTER FOR PEOPLE IN NEED
Notes to Financial Statements (Continued)
Years Ended December 31, 2019 and 2018

(11) Net Assets With Donor Restrictions:

The Center's net assets with donor restrictions is comprised of the following amounts at December 31, 2019 and 2018:

	2019	2018
People Obtaining Prosperity	\$ 25,000	-
Client assistance	12,491	13,276
Computer lab	12,738	17,211
Diaper Bank	5,050	-
Freezer	49,020	-
Toyland for Kids program	7,289	1,469
CHE	-	3,488
Financial literacy	-	23,945
Women In Need program	-	1,361
Total net assets with donor imposed restrictions	\$ 111,588	60,750

(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:

	2019	2018
Cash and cash equivalents	\$ 655,276	344,894
Grants receivable	210,658	133,081
Accounts receivable	23,802	14,203
Less those unavailable for general expenditures within one year, due to:		
Net Assets With Donor Restrictions	(111,588)	(60,750)
Total financial assets available to management for general expenditure within one year	\$ 778,148	431,428

(13) Pension Plan:

Beginning in 2018, 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 year ended December 31, 2019 and 2018 was \$12,272 and \$13,825, respectively.

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

CENTER FOR PEOPLE IN NEED
Notes to Financial Statements (Continued)
Years Ended December 31, 2019 and 2018

(14) Beneficial interest of endowment fund:

In 2014, a donor established The Trocone Fund for Center for People in Need (the Fund) held with the Lincoln Community Foundation, Inc. as the holding entity. Under the terms of the endowment agreement, an annual distribution will be made in November of each year. The distribution rate is yet to be determined by the Foundation.

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 \$41,881 and \$40,050 distribution from the Fund for general operating purposes for the years ended December 31, 2019 and 2018, 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, 2018, 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 2018 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 2, 2020, the date the financial statements were available to be issued.

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

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

See independent auditor's report on additional information.

CENTER FOR PEOPLE IN NEED
Statement of Program Expenses by Services
Year Ended December 31, 2018

	Truckloads	Neighborhood Food	Thanksgiving	Prison Re-Entry	People Obtaining Prosperity	Others	Total Program Expenses
Salaries	\$ 180,309	152,436	10,318	416,507	84,669	331,080	1,175,319
Payroll tax expense	14,176	12,235	789	31,863	6,477	25,901	91,441
Employee benefits	36,231	29,054	1,903	94,272	14,970	82,321	258,751
Assistance to others	-	-	-	14,601	26,643	28,785	70,029
Assistance to others - in-kind	818,685	4,392,543	5,083	-	-	30,630	5,246,941
Occupancy	31,782	30,718	-	41,883	-	39,786	144,169
Supplies	30,733	40,701	14,461	58,991	529	79,239	224,654
Professional fees	-	-	-	792	-	33,956	34,748
Bank charges	-	-	-	-	-	-	-
Conferences and meetings	189	-	-	-	-	127	316
Depreciation	-	-	-	-	-	41,383	41,383
Insurance	9,092	8,332	119	14,402	890	12,149	44,984
Postage and shipping expenses	-	-	-	146	50	123	319
Printing and publications	683	324	95	2,449	296	7,931	11,778
Publications and dues	1,200	213	-	4,105	-	1,691	7,209
Repairs and maintenance	4,439	893	-	1,971	-	1,753	9,056
Travel	2,703	896	63	1,460	-	1,016	6,138
Other	299	-	-	129	-	5,553	5,981
Bad debts	-	-	-	-	-	-	-
Information technology	-	-	-	7,705	-	3,014	10,719
	<u>1,130,521</u>	<u>4,668,345</u>	<u>32,831</u>	<u>691,276</u>	<u>134,524</u>	<u>726,438</u>	<u>7,383,935</u>

See independent auditor's report on additional information.