

Westminster Neighborhood Services, Inc.

FINANCIAL STATEMENTS

Year Ended December 31, 2020 with Comparative Totals for the Year Ended December 31, 2019

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L. M. HENDERSON & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS / ADVISORS

Westminster Neighborhood Services, Inc.

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December 31, 2020 and December 31, 2019

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Independent Accountant's Review Report

To the Board of Directors of
Westminster Neighborhood Services, Inc.
Indianapolis, Indiana 46201

We have reviewed the accompanying financial statements of Westminster Neighborhood Services, Inc. (an Indiana nonprofit corporation), which comprise the statement of financial position as of December 31, 2020, the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Summarized Comparative Information

We previously reviewed Westminster Neighborhood Services, Inc.'s 2019 financial statements and in our conclusion dated August 21, 2020, stated that based on our review, we were not aware of any material modifications that should be made to the 2019 financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America. We are not aware of any material modifications that should be made to the summarized comparative information presented herein as of and for the year ended December 31, 2019, for it to be consistent with the reviewed financial statements from which it has been derived.



Certified Public Accountants
Indianapolis, Indiana

August 16, 2021

Westminster Neighborhood Services, Inc.

Statement of Financial Position

at December 31, 2020 with Comparative Totals at December 31, 2019

	December 31, 2020	December 31, 2019
<u>ASSETS</u>		
<u>CURRENT ASSETS:</u>		
Operating	\$ 104,497	\$ 17,520
Reserve	101,520	1,520
Construction loan checking	13,509	211
Cash - restricted - Note 10	75,316	5,294
Total cash	<u>294,842</u>	<u>24,545</u>
Pledges receivable - current - Note 4	48,260	40,000
Contributions receivable	12,975	-
Prepaid expenses	-	4,211
Inventory - Note 8	4,582	4,493
Deferred finance charges, net - Note 5	11,929	16,878
Total current assets	<u>372,588</u>	<u>90,127</u>
<u>PROPERTY AND EQUIPMENT:</u>		
Furniture and equipment	183,192	173,114
Vehicles	81,300	81,300
Building and improvements	2,986,854	2,986,854
	<u>3,251,346</u>	<u>3,241,268</u>
Less: Accumulated depreciation	616,913	509,729
	<u>2,634,433</u>	<u>2,731,539</u>
Land	325,540	325,540
Total property and equipment	<u>2,959,973</u>	<u>3,057,079</u>
Pledges receivable - noncurrent - net of discount - Note 4	-	39,075
Total long term assets	<u>2,959,973</u>	<u>3,096,154</u>
Total assets	<u>\$ 3,332,561</u>	<u>\$ 3,186,281</u>

Westminster Neighborhood Services, Inc.

Statement of Financial Position

at December 31, 2020 with Comparative Totals at December 31, 2019

	December 31, 2020	December 31, 2019
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES:</u>		
Accounts payable	\$ 24,350	\$ 8,117
Accrued payroll	7,760	9,283
Accrued interest payable	3,874	5,742
Notes payable - current portion - Note 7	52,791	35,409
Total current liabilities	<u>88,775</u>	<u>58,551</u>
<u>LONG-TERM LIABILITIES:</u>		
Notes payable - Note 7	1,384,539	1,450,069
Less: Current portion	52,791	35,409
Total long-term liabilities	<u>1,331,748</u>	<u>1,414,660</u>
Total liabilities	<u>1,420,523</u>	<u>1,473,211</u>
<u>NET ASSETS:</u>		
Without restrictions	1,796,722	1,628,701
With restrictions - Note 3	115,316	84,369
Total net assets	<u>1,912,038</u>	<u>1,713,070</u>
Total liabilities and net assets	<u>\$ 3,332,561</u>	<u>\$ 3,186,281</u>

Westminster Neighborhood Services, Inc.

Statement of Activities and Changes in Net Assets

Year Ended December 31, 2020 with Comparative Totals for the Year Ended December 31, 2019

	Year Ended December 31, 2020			Totals for the
	Without Restrictions	With Restrictions	Total	Year Ended December 31, 2019
REVENUE AND OTHER SUPPORT:				
Foundation	\$ 254,871	\$ 63,402	\$ 318,273	\$ 164,493
Corporations/business	40,535	-	40,535	49,324
Religious	163,491	10,000	173,491	202,901
Individual donors	316,613	-	316,613	122,773
Tuition	340	-	340	1,305
In-kind donations - Note 13	333,546	-	333,546	281,836
Government	925	-	925	22,628
Special events, net of expenses of \$100 and \$4,928 at December 31, 2020 and December 31, 2019	26,043	-	26,043	56,902
	<u>1,136,364</u>	<u>73,402</u>	<u>1,209,766</u>	<u>902,162</u>
Interest income	23	-	23	21
Rental income	17,240	-	17,240	25,045
PPP loan forgiveness - SBA grant - Note 16	80,000	-	80,000	-
Miscellaneous income	27,600	-	27,600	1,688
	<u>1,261,227</u>	<u>73,402</u>	<u>1,334,629</u>	<u>928,916</u>
Total revenue and other support				
Net assets released from restrictions	42,455	(42,455)	-	-
	<u>1,303,682</u>	<u>30,947</u>	<u>1,334,629</u>	<u>928,916</u>
Total revenue and other support and net assets released from restrictions				
EXPENSE AND OTHER SUPPORT:				
Program expenses - Note 11	890,644	-	890,644	805,735
Support services - Note 11	245,017	-	245,017	250,594
	<u>1,135,661</u>	<u>-</u>	<u>1,135,661</u>	<u>1,056,329</u>
Total expense and other support				
CHANGES IN NET ASSETS	<u>\$ 168,021</u>	<u>\$ 30,947</u>	<u>\$ 198,968</u>	<u>\$ (127,413)</u>
NET ASSETS:				
Net assets, beginning of year	\$ 1,628,701	\$ 84,369	\$ 1,713,070	\$ 1,840,483
Add: Changes in net assets	168,021	30,947	198,968	(127,413)
Net assets, end of year	<u>\$ 1,796,722</u>	<u>\$ 115,316</u>	<u>\$ 1,912,038</u>	<u>\$ 1,713,070</u>

Westminster Neighborhood Services, Inc.

Statement of Cash Flows

Year Ended December 31, 2020 with Comparative Totals for the Year Ended December 31, 2019

	December 31, 2020	December 31, 2019
	<u> </u>	<u> </u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Changes in net assets	\$ 198,968	\$ (127,413)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	107,184	104,486
PPP loan forgiveness - SBA grant	(80,000)	-
Changes in other assets and liabilities:		
Decrease in pledges receivable	30,815	26,283
(Increase) decrease in contributions receivable	(12,975)	21,150
Decrease in rent receivable	-	1,370
(Increase) decrease in prepaid expenses	4,211	(4,211)
(Increase) decrease in inventory	(89)	513
(Increase) decrease in deferred financing charges	4,949	(16,878)
Increase (decrease) in accounts payable	16,233	(1,055)
Increase (decrease) in accrued payroll	(1,523)	1,099
Decrease in accrued interest payable	(1,868)	(1,021)
Total adjustments	<u>66,937</u>	<u>131,736</u>
Net cash provided by operating activities	<u>265,905</u>	<u>4,323</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Capital expenditures	(10,078)	(29,751)
Net cash used in investing activities	<u>(10,078)</u>	<u>(29,751)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES:</u>		
Principal payments on notes payable	(65,530)	(21,023)
Proceeds from PPP loan	80,000	-
Net cash provided by (used in) financing activities	<u>14,470</u>	<u>(21,023)</u>
<u>NET INCREASE (DECREASE) IN CASH</u>	270,297	(46,451)
<u>CASH:</u>		
Balance, beginning of year	<u>24,545</u>	<u>70,996</u>
Balance, end of year	<u>\$ 294,842</u>	<u>\$ 24,545</u>
<u>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</u>		
Cash paid during the year for interest	\$ 49,340	\$ 83,284

Westminster Neighborhood Services, Inc.

Statement of Functional Expenses

Year Ended December 31, 2020 with Comparative Totals for the Year Ended December 31, 2019

	Program Services		Support Services		Total Functional Expenses for the Year Ended	
	Youth Services	Family & Adult Services	Management & General	Fundraising	December 31, 2020	December 31, 2019
Wages	\$ 133,681	\$ 96,172	\$ 89,791	\$ 98,103	\$ 417,747	\$ 400,279
Food	38,310	344,794	-	-	383,104	283,683
Depreciation	48,233	48,233	5,359	5,359	107,184	104,486
Supplies	26,602	26,602	-	-	53,204	28,404
Interest expense	-	49,800	1,311	1,311	52,422	86,800
Program partner	20,820	-	-	-	20,820	9,263
Technology	4,924	4,924	6,804	2,783	19,435	26,317
Utilities	9,147	9,148	-	-	18,295	25,948
Insurance	5,084	5,085	4,043	4,043	18,255	18,340
Other personnel costs	1,761	512	12,646	512	15,431	7,099
Building and grounds	6,094	4,254	-	-	10,348	19,708
Professional fees	-	-	6,072	-	6,072	34,750
Telephone	860	860	860	860	3,440	3,280
Office supplies	90	213	1,518	1,434	3,255	2,505
Miscellaneous expense	489	488	488	489	1,954	-
Transportation	949	950	-	-	1,899	2,197
Other facility costs	500	500	-	-	1,000	1,132
Volunteer appreciation	-	-	738	-	738	34
Field trip fees	565	-	-	-	565	849
Bank fees	-	-	493	-	493	573
Product costs	-	-	-	-	-	630
Licensing	-	-	-	-	-	52
	<u>\$ 298,109</u>	<u>\$ 592,535</u>	<u>\$ 130,123</u>	<u>\$ 114,894</u>	<u>\$ 1,135,661</u>	<u>\$ 1,056,329</u>

Westminster Neighborhood Services, Inc.

Notes to Financial Statements

Year Ended December 31, 2020 with Comparative Totals for the Year Ended December 31, 2019

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies followed by Westminster Neighborhood Services, Inc. (Organization) are listed below:

- (a) Westminster Neighborhood Services, Inc. was founded to serve the families and children in the near eastside neighborhood of Indianapolis by providing needed services to all members of the family, developing partnerships, and teaching families and children to become more self-sustaining. The Organization was incorporated on September 17, 2013.
- (b) The Organization follows the Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2014-09 - *Revenue from Contracts with Customers* and all subsequent amendments to the ASU (collectively, "Topic 606"). This standard created a single framework for recognizing revenue from contracts with customers and donors that fall within the scope of the standard. It is not typical for contracts to require significant judgment to determine the revenue from contracts with donors. See Note 17 for additional information.

The Organization also follows the Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The standard clarified and improved current guidance about whether a transfer of assets (or the reduction, settlement, or cancellation of liabilities) is a contribution or an exchange transaction.

- (c) Assets and liabilities and revenue and expense are recognized on the accrual basis of accounting. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as net assets without restrictions; net assets that are not subject to donor-imposed stipulations, and net assets with restrictions-net assets that are subject to donor-imposed stipulations. Contributions that are restricted by the donor are reported as increases in net assets without restrictions if the restrictions expire in the year in which the contributions are recognized.
- (d) Depreciable assets are recorded at cost. The Organization's policy is to capitalize property and equipment acquisitions in excess of \$1,000. Depreciation is computed using the straight-line method for financial reporting purposes over the estimated useful lives of the respective assets. Depreciation for the year ended December 31, 2020 and December 31, 2019 was \$107,184 and \$104,486, respectively.
- (e) For purposes of the statement of cash flows, all highly liquid debt instruments purchased with an original maturity of three months or less are considered to be cash equivalents.
- (f) The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.
- (g) Maintenance and repairs of property and equipment which do not extend the useful lives of the assets are expensed as incurred.
- (h) The Organization maintains cash balances with financial institutions which may exceed the Federal Deposit Insurance Corporation limit of \$250,000.

Westminster Neighborhood Services, Inc.

Notes to Financial Statements

Year Ended December 31, 2020 with Comparative Totals for the Year Ended December 31, 2019

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- (i) Pledges receivable are stated at fair value upon receipt. If necessary, management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of the pledges receivable. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to pledges receivable. Pledges are deemed to be 100% collectible. See Note 4.
- (j) Management has evaluated subsequent events through August 16, 2021, the date the financial statements were available to be issued.

Note 2: LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization's financial assets available for general expenditures within one year of the Statement of Financial Position date are as follows:

Cash	\$	294,842
Pledges receivable		48,260
Contributions receivable		<u>12,975</u>
Financial assets, at year end		356,077
Less financial assets unavailable for general expenditures within one year:		
Cash - restricted		<u>75,316</u>
Financial assets available to meet cash needs for general expenditures within one year	\$	<u>280,761</u>

Note 3: NET ASSETS WITH RESTRICTIONS

The Organization received donations designated to be used for projects in future periods. The net assets with restrictions were restricted for the following purposes at December 31, 2020 and December 31, 2019:

	December 31, <u>2020</u>	December 31, <u>2019</u>
Programs	\$ 113,402	\$ 82,467
Endowment	<u>1,914</u>	<u>1,902</u>
Total net assets with restrictions	<u>\$ 115,316</u>	<u>\$ 84,369</u>

Net assets with restrictions for an endowment are held in a savings account at Chase Bank. The balance consists primarily of donations to the endowment fund plus earnings on those donations. The Organization intends to grow the endowment through contributions and income and use the income earned for current and future needs. Interest earned on the endowment for the year ended December 31, 2020 and December 31, 2019 was \$12 and \$3, respectively.

Westminster Neighborhood Services, Inc.

Notes to Financial Statements

Year Ended December 31, 2020 with Comparative Totals for the Year Ended December 31, 2019

Note 4: PLEDGES RECEIVABLE

Pledges receivable are measured at fair value upon receipt. If a pledge is not expected to be collected within one year, it is discounted to its estimated fair value using a present value technique. The fair value of a pledge that is collectible within one year is its net realizable value. Unconditional pledges receivable at December 31, 2020 and December 31, 2019 are as follows:

Pledges expected to be collected:

	December 31, 2020	December 31, 2019
Less than 1 year	\$ 48,260	\$ 40,000
1 to 5 years	<u>-</u>	<u>40,000</u>
Total pledges receivable	48,260	80,000
Less: Present value discount	<u>-</u>	<u>925</u>
Net unconditional pledges receivable	<u>\$ 48,260</u>	<u>\$ 79,075</u>

Pledges receivable at December 31, 2020 and December 31, 2019 consisted of restricted pledges of \$48,260 and \$79,075, respectively, for afterschool programs.

Note 5: DEFERRED FINANCE CHARGES

During the year ended December 31, 2019, the Organization incurred \$21,415 in finance charges relating to the construction loans with Farmer's Bank. These finance charges will be amortized and charged to interest expense over the life of the loans. For the years ended December 31, 2020 and December 31, 2019, deferred finance charges of \$4,949 and \$4,537, respectively, were charged to interest expense.

Note 6: OPERATING LEASE COMMITMENTS

The Organization has an operating lease for computer equipment for its employees. The total rental expense was \$1,725 and \$3,096 for the years ended December 31, 2020 and December 31, 2019, respectively.

At December 31, 2020, the Organization was obligated under operating leases for future minimum lease payments as follows:

<u>Year Ended December 31,</u>	<u>Amount</u>
2021	<u>\$ 961</u>

Westminster Neighborhood Services, Inc.

Notes to Financial Statements

Year Ended December 31, 2020 with Comparative Totals for the Year Ended December 31, 2019

Note 7: NOTES PAYABLE

At December 31, 2020 and December 31, 2019, the Organization was obligated on the following notes payable:

	December 31, <u>2020</u>	December 31, <u>2019</u>
Construction loan to Farmers Bank, due in one lump sum payment on January 1, 2019, with accrued interest payments at the current rate of 3.50% due monthly on the unpaid balance, secured by the real estate and all assets related to the real estate, including capital campaign pledge receivables (see Note 4). This note was extended to February 1, 2024, with monthly installments of \$6,924 for principal and interest at the current rate of 5.5% per annum, and one irregular last balloon payment.	\$ 943,947	\$ 978,977
Construction loan to Farmers Bank, due in one lump sum payment on February 1, 2022, with accrued interest payments at the current rate of 5.50% due monthly on the unpaid balance, secured by the real estate and all assets related to the real estate, including capital campaign pledge receivables (see Note 4) along with personal guarantees.	235,546	235,546
Construction loan to Farmers Bank, due in one lump sum payment on February 1, 2022, with accrued interest payments at the current rate of 5.50% due monthly on the unpaid balance, secured by the real estate and all assets related to the real estate, including capital campaign pledge receivables (see Note 4) along with personal guarantees.	<u>205,046</u>	<u>235,546</u>
	1,384,539	1,450,069
Less: Current portion	<u>52,791</u>	<u>35,409</u>
Total long-term notes payable	<u>\$ 1,331,748</u>	<u>\$ 1,414,660</u>

Westminster Neighborhood Services, Inc.

Notes to Financial Statements

Year Ended December 31, 2020 with Comparative Totals for the Year Ended December 31, 2019

Note 7: NOTES PAYABLE (continued)

Future principal payments are as follows as of December 31, 2020:

<u>December 31,</u>	<u>Amount</u>
2021	\$ 52,791
2022	495,150
2023	56,383
2024	<u>780,215</u>
Total	<u>\$ 1,384,539</u>

Note 8: INVENTORY

Inventory is valued at lower of cost (first-in, first-out method) or net realizable value in accordance with FASB ASU No. 2015-11, *Inventory (330): Simplifying the Measurement of Inventory*. At December 31, 2020 and December 31, 2019, inventory consisted of the following:

	<u>December 31,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>
Food pantry items	<u>\$ 4,582</u>	<u>\$ 4,493</u>

Note 9: RENTAL INCOME

The Organization leases a portion of office space in its building to three unrelated 501(c)(3) organizations. In July 2017, the Organization entered into a lease based on time that the space is used at a rate of \$100 per hour. This lease expired on July 1, 2020. A second lease was entered into on February 1, 2019 at a rate of \$999 per month. This lease was subsequently extended and expires on February 1, 2022. A third lease is for space at a rate of \$40 on a month-to-month basis.

Minimum future rental payments to be received under non-cancellable operating leases as of December 31, 2020 are as follows:

<u>Year Ended</u> <u>December 31,</u>	<u>Amount</u>
2021	\$ 11,988
2022	<u>999</u>
Total	<u>\$ 12,987</u>

Westminster Neighborhood Services, Inc.

Notes to Financial Statements

Year Ended December 31, 2020 with Comparative Totals for the Year Ended December 31, 2019

Note 10: RESTRICTED CASH

For the year ended December 31, 2020 and December 31, 2019, the Organization had restricted cash as follows:

	December 31, 2020	December 31, 2019
Grants	\$ 73,402	\$ 3,392
Endowment	<u>1,914</u>	<u>1,902</u>
Total restricted cash	<u>\$ 75,316</u>	<u>\$ 5,294</u>

Note 11: FUNCTIONAL EXPENSES

The financial statements report certain categories of expenses that are attributed to a program or supporting function. Therefore, expenses require allocations on a reasonable basis that is consistently applied. Depreciation expense was allocated based on the usage of the building. The remaining expenses were allocated based on an estimate of time and effort.

Program service expense was \$890,644 and \$805,735 for the years ended December 31, 2020 and December 31, 2019, respectively. Total support service expense was \$245,017 and \$250,594, which comprised of fundraising of \$114,894 and \$108,834 for the years ended December 31, 2020 and December 31, 2019, respectively.

Note 12: CONCENTRATION OF REVENUE

A substantial portion of the Organization's contributions were generated from three organizations during the year ended December 31, 2020. During the year ended December 31, 2020, contributions from these organizations amounted to \$397,658 and represented approximately 35% of total donations. The Organization had receivables from these organizations of \$-0- at December 31, 2020.

A substantial portion of the Organization's contributions were generated from two organizations during the year ended December 31, 2019. During the year ended December 31, 2019, contributions from these organizations amounted to \$217,394 and represented approximately 24% of total donations. The Organization had receivables from these organizations of \$-0- at December 31, 2019.

Note 13: IN-KIND REVENUE

During the years ended December 31, 2020 and December 31, 2019, the Organization received \$333,546 and \$281,836, respectively, in in-kind donations, which were used for professional fees and program services and reported as professional fees and program expenses in the statement of activities and changes in net assets.

Westminster Neighborhood Services, Inc.

Notes to Financial Statements

Year Ended December 31, 2020 with Comparative Totals for the Year Ended December 31, 2019

Note 14: TAX STATUS

The Organization has been determined by the Internal Revenue Service, from a letter received on July 31, 2014, to be tax exempt under Section 501(c)(3) of the Internal Revenue Code. Management evaluates all tax positions taken or expected to be taken on its annual information returns, including the position that the Organization continues to qualify to be treated as a Section 501(c)(3) organization for both federal and state purposes. For the years ended December 31, 2020 and December 31, 2019, management does not feel it has taken any tax positions that would not be sustained under examination. Therefore, no interest or penalties have been accrued or charged to expense as of December 31, 2020 and December 31, 2019 and for the years then ended. The annual information returns for the Organization are subject to examination by taxing authorities for a period of three years from the date they are filed.

Note 15: RISKS AND UNCERTAINTIES

In March 2020, the World Health Organization identified an outbreak of a novel strain of coronavirus (COVID-19) as a global pandemic and the President of the United States declared the outbreak a national emergency. The Organization continued to operate despite the pandemic, but did need to cancel its annual fundraising event as a result in 2020. The Organization did not experience any significant staff reductions or other major changes in operations as a result of the pandemic. The potential economic impact brought by, and the duration of, COVID-19 is difficult to assess or predict and will depend on future developments that are highly uncertain and cannot be predicted.

Note 16: PAYCHECK PROTECTION PROGRAM

In April 2020, the Organization was approved for an \$80,000 loan under the Paycheck Protection Program, created as part of the relief efforts related to COVID-19 and administered by the U.S. Small Business Administration (SBA). The loan terms indicated an interest rate of 1%, but payments of interest and principal were deferred for 10 months following the last day of the loan's covered period. The loan was uncollateralized and was fully guaranteed by the SBA. The Organization was eligible for loan forgiveness of up to 100% of the loan, upon meeting specific requirements relating to the payment of qualifying expenses, including payroll, rent, mortgage interest, and utilities.

In January 2021, the Organization was notified by the lender that the SBA had determined that the entire loan amount had been fully forgiven. As such, the Organization has accounted for the loan in a manner consistent with FASB ASC 958-605 and has recognized the revenue relating to the loan proceeds as it incurred the qualifying expenses. Such revenue is reported as PPP loan forgiveness - SBA grant in the Organization's Statement of Activities and Changes in Net Assets.

Westminster Neighborhood Services, Inc.

Notes to Financial Statements

Year Ended December 31, 2020 with Comparative Totals for the Year Ended December 31, 2019

Note 17: REVENUE AND REVENUE RECOGNITION

The Organization's revenue in the scope of Topic 606 is recognized within revenue and other support in the statement of activities and changes in net assets. A description of the Organization's revenue sources within the scope of Topic 606 is provided below.

Pledges and contributions - The Organization recognizes contributions and donations when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Donors include foundations, corporations and other businesses, religious organizations, individuals, and governmental contributors. During the years ended December 31, 2020 and December 31, 2019, the Organization did not receive any conditional promises to give.

Special events - The Organization hosts its annual Food Fight event as well as young professionals' events to raise money for, and create awareness of, the Organization. Donations and fees are often collected in advance of the event, while revenue is recognized when the event has taken place.

Rental income - The Organization rents office space to various organizations. Tenants pay rent to the Organization on a monthly basis in accordance with the terms of the lease agreements, and such revenue is recognized each month as the tenants utilize the rented space. Rent received in advance is deferred until the period that such rent covers.

Tuition - The Organization charges a tuition fee for participation in its youth programs when a family's income is above a certain threshold. Tuition is paid on a weekly basis and is recognized once the week's programs have been completed.

