

# Westminster Neighborhood Services, Inc.

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## **FINANCIAL STATEMENTS**

*Year Ended December 31, 2021 with Comparative Totals for the Year Ended December 31, 2020*

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

# Westminster Neighborhood Services, Inc.

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## **Table of Contents**

*December 31, 2021 and December 31, 2020*

	<b><u>Page Number</u></b>
<b>FINANCIAL STATEMENTS</b>	
Independent Accountant's Review Report	1
Statement of Financial Position	2 - 3
Statement of Activities and Changes in Net Assets	4
Statement of Cash Flows	5
Statement of Functional Expenses	6
Notes to Financial Statements	7 - 14

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

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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, 2021, 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.

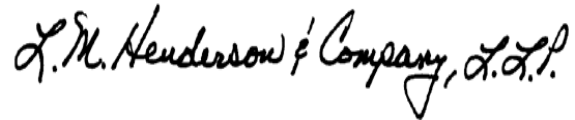
We are required to be independent of Westminster Neighborhood Services, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

### **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 2020 financial statements and in our conclusion dated August 16, 2021, stated that based on our review, we were not aware of any material modifications that should be made to the 2020 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, 2020, for it to be consistent with the reviewed financial statements from which it has been derived.



Certified Public Accountants  
Indianapolis, Indiana

August 1, 2022

# Westminster Neighborhood Services, Inc.

## Statement of Financial Position

at December 31, 2021 with Comparative Totals at December 31, 2020

	December 31, 2021	December 31, 2020
<u>ASSETS</u>		
<u>CURRENT ASSETS:</u>		
Operating Reserve	\$ 323,366	\$ 104,497
Construction loan checking	101,521	101,520
Cash - restricted - Note 10	8,772	13,509
Total cash	<u>1,934</u>	<u>75,316</u>
	435,593	294,842
Pledges receivable - current - Note 4	95,061	48,260
Contributions receivable	16,241	12,975
Rent receivable	1,600	-
Inventory - Note 8	1,565	4,582
Deferred finance charges, net - Note 5	6,980	11,929
Total current assets	<u>557,040</u>	<u>372,588</u>
<u>PROPERTY AND EQUIPMENT:</u>		
Furniture and equipment	182,728	183,192
Vehicles	81,300	81,300
Building and improvements	2,926,948	2,986,854
	<u>3,190,976</u>	<u>3,251,346</u>
Less: Accumulated depreciation	685,484	616,913
	<u>2,505,492</u>	<u>2,634,433</u>
Land	210,586	325,540
Total property and equipment	<u>2,716,078</u>	<u>2,959,973</u>
Pledges receivable - noncurrent - net of discount - Note 4	19,656	-
Total long term assets	<u>2,735,734</u>	<u>2,959,973</u>
Total assets	<u>\$ 3,292,774</u>	<u>\$ 3,332,561</u>

# Westminster Neighborhood Services, Inc.

## Statement of Financial Position

at December 31, 2021 with Comparative Totals at December 31, 2020

	December 31, 2021	December 31, 2020
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES:</u>		
Accounts payable	\$ 2,147	\$ 24,350
Accrued payroll	8,444	7,760
Accrued interest payable	2,425	3,874
Notes payable - current portion - Note 7	280,846	52,791
Total current liabilities	<u>293,862</u>	<u>88,775</u>
<u>LONG-TERM LIABILITIES:</u>		
Notes payable - Note 7	866,500	1,384,539
Less: Current portion	280,846	52,791
Total long-term liabilities	<u>585,654</u>	<u>1,331,748</u>
Total liabilities	<u>879,516</u>	<u>1,420,523</u>
<u>NET ASSETS:</u>		
Without restrictions	2,296,607	1,796,722
With restrictions - Note 3	116,651	115,316
Total net assets	<u>2,413,258</u>	<u>1,912,038</u>
Total liabilities and net assets	<u>\$ 3,292,774</u>	<u>\$ 3,332,561</u>

# Westminster Neighborhood Services, Inc.

## Statement of Activities and Changes in Net Assets

Year Ended December 31, 2021 with Comparative Totals for the Year Ended December 31, 2020

	Year Ended December 31, 2021			Totals for the
	Without Restrictions	With Restrictions	Total	Year Ended December 31, 2020
<b>REVENUE AND OTHER SUPPORT:</b>				
Foundation	\$ 323,499	\$ 69,656	\$ 393,155	\$ 318,273
Corporations/business	56,956	-	56,956	40,535
Religious	154,535	-	154,535	173,491
Individual donors	154,185	-	154,185	316,613
Tuition	1,928	-	1,928	340
In-kind donations - Note 13	179,617	-	179,617	333,546
Government	-	40,000	40,000	925
Special events, net of expenses of \$7,282 and \$100 at December 31, 2021 and December 31, 2020	28,590	-	28,590	26,043
	<u>899,310</u>	<u>109,656</u>	<u>1,008,966</u>	<u>1,209,766</u>
Interest income	30	-	30	23
Rental income	31,890	-	31,890	17,240
PPP loan forgiveness - SBA grant - Note 16	-	-	-	80,000
Gain on sale of fixed assets	490,866	-	490,866	-
Miscellaneous income	1,399	-	1,399	27,600
	<u>1,423,495</u>	<u>109,656</u>	<u>1,533,151</u>	<u>1,334,629</u>
Total revenue and other support				
Net assets released from restrictions	<u>108,321</u>	<u>(108,321)</u>	<u>-</u>	<u>-</u>
Total revenue and other support and net assets released from restrictions	<u>1,531,816</u>	<u>1,335</u>	<u>1,533,151</u>	<u>1,334,629</u>
<b>EXPENSE AND OTHER SUPPORT:</b>				
Program expenses - Note 11	754,366	-	754,366	890,644
Support services - Note 11	277,565	-	277,565	245,017
	<u>1,031,931</u>	<u>-</u>	<u>1,031,931</u>	<u>1,135,661</u>
Total expense and other support				
<b>CHANGES IN NET ASSETS</b>	<u>\$ 499,885</u>	<u>\$ 1,335</u>	<u>\$ 501,220</u>	<u>\$ 198,968</u>
<b>NET ASSETS:</b>				
Net assets, beginning of year	<u>\$ 1,796,722</u>	<u>\$ 115,316</u>	<u>\$ 1,912,038</u>	<u>\$ 1,713,070</u>
Add: Changes in net assets	499,885	1,335	501,220	198,968
Net assets, end of year	<u>\$ 2,296,607</u>	<u>\$ 116,651</u>	<u>\$ 2,413,258</u>	<u>\$ 1,912,038</u>

# Westminster Neighborhood Services, Inc.

## Statement of Cash Flows

Year Ended December 31, 2021 with Comparative Totals for the Year Ended December 31, 2020

	Year Ended	
	December 31, 2021	December 31, 2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Changes in net assets	\$ 501,220	\$ 198,968
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	112,818	107,184
Gain on sale of fixed assets	(490,866)	-
PPP loan forgiveness - SBA grant	-	(80,000)
Changes in other assets and liabilities:		
(Increase) decrease in pledges receivable	(66,457)	30,815
Increase in contributions receivable	(3,266)	(12,975)
Increase in rent receivable	(1,600)	-
Decrease in prepaid expenses	-	4,211
(Increase) decrease in inventory	3,017	(89)
Decrease in deferred financing charges	4,949	4,949
Increase (decrease) in accounts payable	(22,203)	16,233
Increase (decrease) in accrued payroll	684	(1,523)
Decrease in accrued interest payable	(1,449)	(1,868)
Total adjustments	(464,373)	66,937
Net cash provided by operating activities	36,847	265,905
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Capital expenditures	(36,316)	(10,078)
Proceeds from sale of fixed assets	658,259	-
Net cash provided (used in) investing activities	621,943	(10,078)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Principal payments on notes payable	(518,039)	(65,530)
Proceeds from PPP loan	-	80,000
Net cash provided by (used in) financing activities	(518,039)	14,470
<b>NET INCREASE IN CASH</b>	140,751	270,297
<b>CASH:</b>		
Balance, beginning of year	294,842	24,545
Balance, end of year	\$ 435,593	\$ 294,842
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash paid during the year for interest	\$ 43,529	\$ 49,340

During the year ended December 31, 2021, the Organization sold a building, land, and equipment with a cost basis of \$211,640 and accumulated depreciation of \$44,247 for \$658,259, resulting in a gain on sale of \$490,866.



# Westminster Neighborhood Services, Inc.

## Statement of Functional Expenses

Year Ended December 31, 2021 with Comparative Totals for the Year Ended December 31, 2020

	Program Services		Support Services		Total Functional Expenses for the Year Ended	
	Youth Services	Family & Adult Services	Management & General	Fundraising	December 31, 2021	December 31, 2020
Wages	\$ 149,096	\$ 112,955	\$ 108,992	\$ 113,248	\$ 484,291	\$ 417,747
Food	17,654	158,881	-	-	176,535	383,104
Depreciation	50,769	50,767	5,641	5,641	112,818	107,184
Interest expense	-	44,677	1,176	1,176	47,029	52,422
Supplies	22,193	22,193	-	-	44,386	53,204
Program partner	35,075	-	-	-	35,075	20,820
Technology	7,217	7,217	7,836	5,122	27,392	19,435
Insurance	6,187	6,187	5,103	5,103	22,580	18,255
Building and grounds	10,953	10,129	-	-	21,082	10,348
Utilities	10,468	10,469	-	-	20,937	18,295
Other personnel costs	5,704	4,370	2,999	2,999	16,072	15,431
Professional fees	-	-	6,200	-	6,200	6,072
Transportation	2,295	2,296	-	-	4,591	1,899
Product costs	-	-	-	3,500	3,500	-
Field trip fees	3,404	-	-	-	3,404	565
Office supplies	106	195	937	959	2,197	3,255
Other facility costs	830	831	-	-	1,661	1,000
Telephone	294	294	294	294	1,176	3,440
Licensing	330	330	-	-	660	-
Bank fees	-	-	345	-	345	493
Miscellaneous expense	-	-	-	-	-	1,954
Volunteer appreciation	-	-	-	-	-	738
	<u>\$ 322,575</u>	<u>\$ 431,791</u>	<u>\$ 139,523</u>	<u>\$ 138,042</u>	<u>\$ 1,031,931</u>	<u>\$ 1,135,661</u>

# Westminster Neighborhood Services, Inc.

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## Notes to Financial Statements

Year Ended December 31, 2021 with Comparative Totals for the Year Ended December 31, 2020

### 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, 2021 and December 31, 2020 was \$112,818 and \$107,184, 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, 2021 with Comparative Totals for the Year Ended December 31, 2020

### 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 1, 2022, 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	\$	435,593
Pledges receivable		114,717
Contributions receivable		16,241
Rent receivable		<u>1,600</u>
Financial assets, at year end		568,151
Less financial assets unavailable for general expenditures within one year:		
Cash - restricted		1,934
Pledges receivable - restricted		<u>114,717</u>
Financial assets available to meet cash needs for general expenditures within one year	\$	<u>451,500</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, 2021 and December 31, 2020:

	December 31, <u>2021</u>	December 31, <u>2020</u>
Programs	\$ 114,717	\$ 113,402
Endowment	<u>1,934</u>	<u>1,914</u>
Total net assets with restrictions	<u>\$ 116,651</u>	<u>\$ 115,316</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, 2021 and December 31, 2020 was \$20 and \$12, respectively.

# Westminster Neighborhood Services, Inc.

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## Notes to Financial Statements

Year Ended December 31, 2021 with Comparative Totals for the Year Ended December 31, 2020

### 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, 2021 and December 31, 2020 are as follows:

Pledges expected to be collected:

	December 31, 2021	December 31, 2020
Less than 1 year	\$ 95,061	\$ 48,260
1 to 5 years	<u>20,000</u>	<u>-</u>
Total pledges receivable	115,061	48,260
Less: Present value discount	<u>344</u>	<u>-</u>
Net unconditional pledges receivable	<u>\$ 114,717</u>	<u>\$ 48,260</u>

Pledges receivable at December 31, 2021 and December 31, 2020 consisted of restricted pledges of \$114,717 and \$48,260, respectively, for afterschool, summer, and high school 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, 2021 and December 31, 2020, deferred finance charges of \$4,949 and \$4,949, 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 \$3,142 and \$1,725 for the years ended December 31, 2021 and December 31, 2020, respectively.

At December 31, 2021, the Organization was not obligated under operating leases for future minimum lease payments.

# Westminster Neighborhood Services, Inc.

## Notes to Financial Statements

Year Ended December 31, 2021 with Comparative Totals for the Year Ended December 31, 2020

### Note 7: NOTES PAYABLE

At December 31, 2021 and December 31, 2020, the Organization was obligated on the following notes payable:

	December 31, 2021	December 31, 2020
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.	\$ 640,212	\$ 943,947
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.	135,546	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>90,742</u>	<u>205,046</u>
	866,500	1,384,539
Less: Current portion	<u>280,846</u>	<u>52,791</u>
Total long-term notes payable	<u>\$ 585,654</u>	<u>\$ 1,331,748</u>

# Westminster Neighborhood Services, Inc.

## Notes to Financial Statements

Year Ended December 31, 2021 with Comparative Totals for the Year Ended December 31, 2020

### Note 7: NOTES PAYABLE (continued)

Future principal payments are as follows as of December 31, 2021:

<u>December 31,</u>	<u>Amount</u>
2022	\$ 280,846
2023	56,383
2024	<u>529,271</u>
Total	<u>\$ 866,500</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, 2021 and December 31, 2020, inventory consisted of the following:

	<u>December 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>
Food pantry items	<u>\$ 1,565</u>	<u>\$ 4,582</u>

### Note 9: RENTAL INCOME

The Organization leased 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 was extended on a month-to-month basis via a verbal agreement in 2021. A second lease was entered into on February 1, 2019 at a rate of \$999 per month and expired on February 1, 2022. This lease was subsequently extended at a rate of \$1,249 per month and expires on July 1, 2023. 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, 2021 are as follows:

<u>Year Ended</u> <u>December 31,</u>	<u>Amount</u>
2022	\$ 13,487
2023	<u>7,493</u>
Total	<u>\$ 20,980</u>

# Westminster Neighborhood Services, Inc.

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## Notes to Financial Statements

Year Ended December 31, 2021 with Comparative Totals for the Year Ended December 31, 2020

### Note 10: RESTRICTED CASH

For the year ended December 31, 2021 and December 31, 2020, the Organization had restricted cash as follows:

	December 31, 2021	December 31, 2020
Grants	\$ -	\$ 73,402
Endowment	<u>1,934</u>	<u>1,914</u>
Total restricted cash	<u>\$ 1,934</u>	<u>\$ 75,316</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 \$754,366 and \$890,644 for the years ended December 31, 2021 and December 31, 2020, respectively. Total support service expense was \$277,565 and \$245,017, which comprised of fundraising of \$138,042 and \$114,894 for the years ended December 31, 2021 and December 31, 2020, respectively.

### Note 12: CONCENTRATION OF REVENUE

A substantial portion of the Organization's contributions were generated from two organizations during the year ended December 31, 2021. During the year ended December 31, 2021, contributions from these organizations amounted to \$208,347 and represented approximately 22% of total donations. The Organization had receivables from these organizations of \$-0- at December 31, 2021.

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.

### Note 13: IN-KIND REVENUE

During the years ended December 31, 2021 and December 31, 2020, the Organization received \$179,617 and \$333,546, respectively, of in-kind donations, which were used for program services and reported as program expenses in the statement of activities and changes in net assets.

# Westminster Neighborhood Services, Inc.

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## **Notes to Financial Statements**

*Year Ended December 31, 2021 with Comparative Totals for the Year Ended December 31, 2020*

### **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, 2021 and December 31, 2020, 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, 2021 and December 31, 2020 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: SUBSEQUENT EVENT**

Subsequent to the year ended December 31, 2021, the Organization entered into an agreement with Farmers Bank to consolidate and refinance the three construction loans listed in Note 7. The agreement was executed on April 4, 2022, and extended the maturity date to May 1, 2027. The terms indicate a principal balance of \$862,713 with monthly installments of \$5,436 for principal and interest at the current rate of 4.35% per annum, and one irregular last balloon payment.

### **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.

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## Notes to Financial Statements

*Year Ended December 31, 2021 with Comparative Totals for the Year Ended December 31, 2020*

### **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, 2021 and December 31, 2020, 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.

