

**People Serving People, Inc. and  
People Serving People Charities, Inc.**

Consolidated Financial Statements and  
Supplementary Information

December 31, 2021 and 2020

# **People Serving People, Inc. and People Serving People Charities, Inc.**

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## **Independent Auditors' Report**

To the Board of Directors of  
People Serving People, Inc. and People Serving People Charities, Inc.

### **Opinion**

We have audited the consolidated financial statements of People Serving People, Inc. and People Serving People Charities, Inc. (the Organization), which comprise the consolidated statement of financial position as of December 31, 2021 and 2020, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Organization as of December 31, 2021 and 2020, 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 (GAAP).

### **Basis for Opinion**

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

### **Responsibilities of Management for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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

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

In performing an audit in accordance with GAAS, we:

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

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

#### **Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information identified in the table of contents is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, changes in net assets and cash flows of the individual organizations, and it is not a required part of the consolidated 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 consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

A handwritten signature in black ink that reads "Baker Tilly US, LLP". The signature is written in a cursive, flowing style.

Minneapolis, Minnesota  
July 29, 2022

**People Serving People, Inc. and People Serving People Charities, Inc.**

## Consolidated Statements of Financial Position

December 31, 2021 and 2020

	<b>2021</b>	<b>2020</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 6,323,774	\$ 7,134,460
Certificates of deposit	-	303,209
Accounts receivable	1,082,862	252,808
Pledges and grants receivable	179,022	267,651
Unemployment trust	108,461	83,994
Prepaid expenses and other	78,664	106,862
Total current assets	7,772,783	8,148,984
<b>Property and Equipment, Net</b>	5,438,131	5,885,667
<b>Other Assets</b>		
Investments	10,558,488	8,882,941
Cash and cash equivalents, restricted	183,394	90,010
Cash and cash equivalents, designated for equipment	-	53,655
Total assets	<u>\$ 23,952,796</u>	<u>\$ 23,061,257</u>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Current portion of long-term debt	\$ 400,000	\$ -
Accounts payable	87,216	126,665
Accrued expenses and other payables	285,537	269,688
Deferred revenue	564,864	697,942
Total current liabilities	1,337,617	1,094,295
<b>Long-Term Liabilities</b>		
Long-term debt, net of current portion	1,860,000	2,260,000
Total liabilities	3,197,617	3,354,295
<b>Net Assets</b>		
Without donor restrictions	16,723,665	15,580,046
Without donor restrictions, Board designated	3,813,655	3,813,655
Total without donor restrictions	20,537,320	19,393,701
With donor restrictions	217,859	313,261
Total net assets	20,755,179	19,706,962
Total liabilities and net assets	<u>\$ 23,952,796</u>	<u>\$ 23,061,257</u>

See notes to consolidated financial statements

**People Serving People, Inc. and People Serving People Charities, Inc.**

## Consolidated Statement of Activities

Year Ended December 31, 2021 With Comparative Totals for 2020

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>Operating Support and Revenue</b>				
Governmental contracts and grants	\$ 4,148,324	\$ -	\$ 4,148,324	\$ 3,538,439
Governmental contracts, Isolation Hotel	-	-	-	528,465
Governmental contracts and grants, COVID-19	-	-	-	1,314,961
Other contributions and grants:				
Individual/family foundations	1,284,906	27,369	1,312,275	1,675,281
Corporate/foundation grants	727,017	489,043	1,216,060	1,925,906
Community	39,020	200	39,220	45,968
Self-pay clients	82,364	-	82,364	193,342
Supportive housing	139,552	-	139,552	159,404
Tuition, net of scholarships and discounts	656,758	-	656,758	910,678
In-kind contributions	647,737	-	647,737	504,970
Special events revenue	141,403	51,637	193,040	231,013
Other income	122,904	-	122,904	84,601
	7,989,985	568,249	8,558,234	11,113,028
Satisfaction of program restrictions	663,651	(663,651)	-	-
Total operating support and revenue	8,653,636	(95,402)	8,558,234	11,113,028
<b>Expenses</b>				
Program services	7,664,494	-	7,664,494	7,821,809
Management and general	470,972	-	470,972	408,025
Fundraising	570,543	-	570,543	501,883
Total expenses	8,706,009	-	8,706,009	8,731,717
Change in net assets from operating activities	(52,373)	(95,402)	(147,775)	2,381,311
<b>Nonoperating Activities</b>				
Net investment income	1,212,064	-	1,212,064	543,339
Debt forgiveness	-	-	-	160,075
Loss on disposal of property and equipment	(16,072)	-	(16,072)	(11,926)
Change in net assets	1,143,619	(95,402)	1,048,217	3,072,799
<b>Net Assets, Beginning</b>	19,393,701	313,261	19,706,962	16,634,163
<b>Net Assets, Ending</b>	<u>\$ 20,537,320</u>	<u>\$ 217,859</u>	<u>\$ 20,755,179</u>	<u>\$ 19,706,962</u>

See notes to consolidated financial statements

# **People Serving People, Inc. and People Serving People Charities, Inc.**

Consolidated Statement of Activities

Year Ended December 31, 2020

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Operating Support and Revenue</b>			
Governmental contracts and grants	\$ 3,538,439	\$ -	\$ 3,538,439
Governmental contracts, Isolation Hotel	528,465	-	528,465
Governmental contracts and grants, COVID-19	1,314,961	-	1,314,961
Other contributions and grants:			
Individual/family foundations	1,540,998	134,283	1,675,281
Corporate/foundation grants	939,047	986,859	1,925,906
Community	45,968	-	45,968
Self-pay clients	193,342	-	193,342
Supportive housing	159,404	-	159,404
Tuition, net of scholarships and discounts	910,678	-	910,678
In-kind contributions	504,970	-	504,970
Special events revenue	208,155	22,858	231,013
Other income	84,601	-	84,601
	<u>9,969,028</u>	<u>1,144,000</u>	<u>11,113,028</u>
Satisfaction of program restrictions	<u>923,066</u>	<u>(923,066)</u>	<u>-</u>
Total operating support and revenue	<u>10,892,094</u>	<u>220,934</u>	<u>11,113,028</u>
<b>Expenses</b>			
Program services	7,821,809	-	7,821,809
Management and general	408,025	-	408,025
Fundraising	501,883	-	501,883
Total expenses	<u>8,731,717</u>	<u>-</u>	<u>8,731,717</u>
Change in net assets from operating activities	2,160,377	220,934	2,381,311
<b>Nonoperating Activities</b>			
Net investment income	543,339	-	543,339
Debt forgiveness	160,075	-	160,075
Loss on disposal of property and equipment	(11,926)	-	(11,926)
Change in net assets	2,851,865	220,934	3,072,799
<b>Net Assets, Beginning</b>	<u>16,541,836</u>	<u>92,327</u>	<u>16,634,163</u>
<b>Net Assets, Ending</b>	<u>\$ 19,393,701</u>	<u>\$ 313,261</u>	<u>\$ 19,706,962</u>

See notes to consolidated financial statements

**People Serving People, Inc. and People Serving People Charities, Inc.**

Consolidated Statement of Functional Expenses  
Year Ended December 31, 2021 With Comparative Totals for 2020

	2021													2020 Totals	
	Shelter Operations			Supporting Programs								Management and General	Fundraising		Totals
	Shelter Operations	Supportive Housing	Total Shelter Operations	Family Support Services	Community Partnerships	Early Childhood Development Program	K-12 Education Program	Center of Excellence	Total Supporting Programs	Total Program Services					
Salaries	\$1,576,464	\$123,368	\$1,699,832	\$389,659	\$157,577	\$390,749	\$106,994	\$442,939	\$1,487,918	\$3,187,750	\$264,912	\$345,222	\$ 3,797,884	\$ 4,009,025	
Employee benefits	237,457	20,191	257,648	64,889	19,324	58,318	9,593	84,356	236,480	494,128	31,718	36,881	562,727	585,310	
Payroll taxes	101,224	4,954	106,178	24,869	9,721	26,094	5,760	30,002	96,446	202,624	11,413	24,498	238,535	266,673	
Total personnel expenses	1,915,145	148,513	2,063,658	479,417	186,622	475,161	122,347	557,297	1,820,844	3,884,502	308,043	406,601	4,599,146	4,861,008	
Staff training	4,442	5	4,447	2,677	2,485	2,561	146	2,403	10,272	14,719	560	642	15,921	9,354	
Guest training	-	-	-	1,650	-	-	-	-	1,650	1,650	-	-	1,650	158	
Supplies, operations	252,035	62	252,097	2,038	1,242	6,014	902	4,422	14,618	266,715	1,509	7,894	276,118	224,303	
Supplies, guest and food	163,727	4,229	167,956	87,963	4,776	8,375	4,825	10,356	116,295	284,251	-	330	284,581	194,444	
Food	395,554	44,870	440,424	-	-	6,309	102	16,600	23,011	463,435	-	-	463,435	308,089	
Contract labor	529,113	-	529,113	290	-	481	-	7,901	8,672	537,785	905	-	538,690	727,162	
Donated services	-	-	-	68,012	-	5,255	-	-	73,267	73,267	45,122	-	118,389	170,186	
Consultants	14,572	-	14,572	-	8,750	-	-	1,260	10,010	24,582	25,361	6,418	56,361	51,179	
Professional fees	5,117	599	5,716	928	-	1,385	-	774	3,087	8,803	43,838	656	53,297	35,002	
Office	44,105	1,479	45,584	2,576	30,657	1,617	740	5,773	41,363	86,947	1,937	27,116	116,000	118,069	
Postage	-	-	-	237	-	-	-	22	259	259	178	1,462	1,899	5,411	
Telephone	12,516	988	13,504	1,688	3,835	988	494	7,200	14,205	27,709	494	-	28,203	24,435	
Utilities	202,720	16,004	218,724	13,337	2,667	16,004	8,002	-	40,010	258,734	8,003	-	266,737	253,331	
Meetings, transportation and parking	160	204	364	20	1,770	188	14	149	2,141	2,505	50	174	2,729	15,869	
Insurance	56,935	4,495	61,430	2,997	749	3,746	1,498	4,560	13,550	74,980	2,248	-	77,228	67,787	
Print and publications	-	-	-	-	121	-	-	251	372	372	-	11,919	12,291	12,498	
Marketing expense	-	-	-	-	1,250	-	-	1,559	2,809	2,809	-	6,125	8,934	17,169	
Special events expenses	-	-	-	-	56	-	-	-	56	56	-	76,567	76,623	12,045	
Center of Excellence rent	-	-	-	-	-	-	-	211,908	211,908	211,908	-	-	211,908	211,908	
Depreciation	705,325	55,684	761,009	46,403	9,281	55,684	27,842	56,353	195,563	956,572	27,842	-	984,414	948,977	
Building maintenance	98,533	7,779	106,312	6,482	1,296	7,779	3,889	-	19,446	125,758	3,888	-	129,646	155,660	
Interest and other debt-related expenses	18,172	-	18,172	-	-	-	-	-	-	18,172	-	-	18,172	33,688	
Program expense	-	3,814	3,814	32,412	31,869	9,129	578	2,959	76,947	80,761	-	-	80,761	16,902	
Miscellaneous operating expense	6,477	1,826	8,303	14,922	228,038	2,180	620	3,180	248,940	257,243	994	24,639	282,876	257,083	
	2,509,503	142,038	2,651,541	284,632	328,842	127,695	49,652	337,630	1,128,451	3,779,992	162,929	163,942	4,106,863	3,870,709	
Total expenses	\$ 4,424,648	\$ 290,551	\$ 4,715,199	\$ 764,049	\$ 515,464	\$ 602,856	\$ 171,999	\$ 894,927	\$ 2,949,295	\$ 7,664,494	\$ 470,972	\$ 570,543	\$ 8,706,009	\$ 8,731,717	

See notes to consolidated financial statements



**People Serving People, Inc. and People Serving People Charities, Inc.**

Consolidated Statement of Functional Expenses

Year Ended December 31, 2020

	2020												
	Shelter Operations			Supporting Programs									
	Shelter Operations	Supportive Housing	Total Shelter Operations	Family Support Services	Community Partnerships	Early Childhood Development Program	K-12 Education Program	Center of Excellence	Total Supporting Programs	Total Program Services	Management and General	Fundraising	Totals
Salaries	\$ 1,780,418	\$ 132,162	\$ 1,912,580	\$ 323,493	\$ 162,963	\$ 404,166	\$ 95,886	\$ 597,843	\$ 1,584,351	\$ 3,496,931	\$ 215,054	\$ 297,040	\$ 4,009,025
Employee benefits	248,052	23,298	271,350	57,926	14,070	58,530	10,889	96,716	238,131	509,481	30,421	45,408	585,310
Payroll taxes	117,627	4,822	122,449	21,186	13,523	31,308	4,523	43,531	114,071	236,520	7,559	22,594	266,673
Total personnel expenses	2,146,097	160,282	2,306,379	402,605	190,556	494,004	111,298	738,090	1,936,553	4,242,932	253,034	365,042	4,861,008
Staff training	679	306	985	3,002	642	1,471	41	1,713	6,869	7,854	1,062	438	9,354
Guest training	-	-	-	158	-	-	-	-	158	158	-	-	158
Supplies, operations	173,703	443	174,146	6,599	8,651	8,666	2,516	13,786	40,218	214,364	5,985	3,954	224,303
Supplies, guest and food	148,116	1,541	149,657	25,315	3,821	4,613	700	9,829	44,278	193,935	-	509	194,444
Food	257,165	28,574	285,739	-	-	5,673	285	16,392	22,350	308,089	-	-	308,089
Contract labor	722,224	-	722,224	892	-	-	-	3,656	4,548	726,772	390	-	727,162
Donated services	271	-	271	96,072	-	27,888	-	-	123,960	124,231	37,563	8,392	170,186
Consultants	-	-	-	-	18,420	-	-	1,260	19,680	19,680	26,499	5,000	51,179
Professional fees	4,319	-	4,319	-	268	300	-	837	1,405	5,724	15,914	13,364	35,002
Office	25,248	164	25,412	1,387	39,462	264	82	5,194	46,389	71,801	1,948	44,320	118,069
Postage	-	-	-	250	-	-	-	10	260	260	-	5,151	5,411
Telephone	13,335	982	14,317	1,258	1,910	982	491	4,986	9,627	23,944	491	-	24,435
Utilities	192,928	15,100	208,028	12,584	2,517	15,100	7,550	-	37,751	245,779	7,552	-	253,331
Meetings, transportation and parking	11,706	6	11,712	286	2,467	305	122	787	3,967	15,679	9	181	15,869
Insurance	47,215	3,728	50,943	2,485	621	3,106	1,243	7,526	14,981	65,924	1,863	-	67,787
Print and publications	-	-	-	-	-	-	-	244	244	244	-	12,254	12,498
Marketing expense	-	-	-	-	1,250	-	-	2,365	3,615	3,615	-	13,554	17,169
Special events expenses	-	-	-	-	-	-	-	-	-	-	-	12,045	12,045
Center of Excellence rent	-	-	-	-	-	-	-	211,908	211,908	211,908	-	-	211,908
Depreciation	678,755	53,586	732,341	44,655	8,931	53,586	26,793	55,878	189,843	922,184	26,793	-	948,977
Building maintenance	118,108	9,324	127,432	7,770	1,554	9,324	4,663	256	23,567	150,999	4,661	-	155,660
Interest and other debt-related expenses	28,439	-	28,439	-	-	-	-	-	-	28,439	5,249	-	33,688
Program expense	835	790	1,625	2,958	388	10,790	-	1,141	15,277	16,902	-	-	16,902
Miscellaneous operating expense	9,429	1,379	10,808	11,265	193,045	1,641	353	3,280	209,584	220,392	19,012	17,679	257,083
	2,432,475	115,923	2,548,398	216,936	283,947	143,709	44,839	341,048	1,030,479	3,578,877	154,991	136,841	3,870,709
Total expenses	\$ 4,578,572	\$ 276,205	\$ 4,854,777	\$ 619,541	\$ 474,503	\$ 637,713	\$ 156,137	\$ 1,079,138	\$ 2,967,032	\$ 7,821,809	\$ 408,025	\$ 501,883	\$ 8,731,717

See notes to consolidated financial statements

**People Serving People, Inc. and People Serving People Charities, Inc.**

## Consolidated Statements of Cash Flows

Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$ 1,048,217	\$ 3,072,799
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	984,414	948,977
Debt forgiveness	-	(160,075)
Loss on disposal of property and equipment	16,072	11,926
Net unrealized loss (gain) on investments	62,317	(168,236)
Net realized gain on investments	(1,087,923)	(217,220)
Changes in assets and liabilities:		
Accounts receivable	(830,054)	47,939
Pledges and grants receivable	88,629	(262,651)
Unemployment trust	(24,467)	(1,557)
Prepaid expenses and other	28,198	(19,603)
Accounts payable	(34,006)	(7,186)
Accrued expenses and other payables	15,849	(77,882)
Deferred revenue	(133,078)	227,596
Net cash flows from operating activities	<u>134,168</u>	<u>3,394,827</u>
<b>Cash Flows From Investing Activities</b>		
Proceeds from sale of investments and certificates of deposit	4,162,344	2,685,608
Purchases of investments and certificates of deposit	(4,509,076)	(2,290,248)
Purchases of property and equipment	(558,393)	(321,500)
Net cash flows from investing activities	<u>(905,125)</u>	<u>73,860</u>
<b>Cash Flows From Financing Activities</b>		
Repayments of long term debt	-	(550,000)
Proceeds from issuance of long term debt	-	6,950
Net cash flows from financing activities	<u>-</u>	<u>(543,050)</u>
Net change in cash and cash equivalents	(770,957)	2,925,637
<b>Cash and Cash Equivalents, Beginning</b>	<u>7,278,125</u>	<u>4,352,488</u>
<b>Cash and Cash Equivalents, Ending</b>	<u><u>\$ 6,507,168</u></u>	<u><u>\$ 7,278,125</u></u>
<b>Supplemental Cash Flow Information</b>		
<b>Noncash Investing Activities</b>		
Purchases of property and equipment with accounts payable	<u>\$ 12,617</u>	<u>\$ 18,060</u>
<b>Noncash Financing Activities</b>		
Cash paid for interest and other financing related expenses	<u><u>\$ 20,439</u></u>	<u><u>\$ 32,827</u></u>

See notes to consolidated financial statements

# People Serving People, Inc. and People Serving People Charities, Inc.

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Notes to Consolidated Financial Statements

December 31, 2021 and 2020

## 1. Summary of Significant Accounting Policies

### Nature of Activities

People Serving People, Inc. (PSP) is the largest and most comprehensive emergency shelter for families experiencing homelessness in Minnesota since 1982. A dedicated leader to homelessness prevention and a leader in the Twin Cities area social services field, PSP combines crisis response with homelessness prevention work.

PSP works with families amid their experience of homelessness by offering comprehensive wraparound and trauma responsive services in a safe and dignified shelter with nutritious meals. Services include educational services, advocacy services, and supportive groups. PSP is also working to move upstream to prevent the experience of family homelessness, stabilize families, and to educate the community on the interconnected barriers families face through programs, public policy and systems change. This work is done in partnership with families, community partners, and volunteers – the ultimate goal is to build stability and see families thrive.

PSP's primary sources of financial support are governmental contracts, early childhood tuition, and contributions from People Serving People Charities, Inc.

**Shelter operations** - PSP offers families emergency shelter in 99 guest rooms and affordable supportive housing in 10 apartment units. This includes three meals per day served on-site and other basic necessities. Shelter operation services account for approximately 54 percent and 56 percent of PSP's total expenses for the years ended December 31, 2021 and 2020, respectively.

**Supporting programs** - allows guests to develop skills needed to transition to living in stable housing and to find employment. Programs offer workforce skills training, job search assistance, and a range of childcare options (early education learning center, after school program, and Center of Excellence Preschool and Learning Center). Supporting program services account for approximately 34 percent of PSP's total expenses for the years ended December 31, 2021 and 2020.

People Serving People Charities, Inc. (Charities) was formed to provide resources to promote, support, preserve and otherwise enhance the programs of PSP. Charities operates exclusively for the benefit of PSP and its charitable purpose of providing emergency and affordable housing with related supportive services. Charities' primary sources of financial support are contributions received from individuals, corporations and foundations. Collectively, PSP and Charities are referred to as the Organization.

### Basis of Presentation

The Organization's consolidated financial statements are presented using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. All inter-organization accounts and transactions have been eliminated in the accompanying consolidated financial statements. These statements have been prepared to focus on the Organization as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions. This has been accomplished by classification of transactions into two classes of net assets - without donor restrictions and with donor restrictions, as follows:

**Without Donor Restrictions** - Net assets that are not subject to donor-imposed stipulations.

**With Donor Restrictions** - Net assets subject to donor-imposed stipulations or state law that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations.

## People Serving People, Inc. and People Serving People Charities, Inc.

### Notes to Consolidated Financial Statements

December 31, 2021 and 2020

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law.

Contributions received with donor-imposed restrictions are reported as net assets with donor restrictions until the donor-imposed restrictions expire or are fulfilled. Expirations of donor restrictions on net assets (i.e. donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

#### Board Designated Net Assets

The Organization's Board of Directors has the ability to designate identified amounts of net assets without donor restrictions to be used by management for specific future projects or activities. These designations can be modified or removed by the Board of Directors at any time. See Note 8.

#### Cash and Cash Equivalents

Cash and cash equivalents consists of cash on hand in savings, checking accounts and money market accounts. At times during the year, the Organization may have cash and cash equivalents held at financial institutions in excess of Federal Deposit Insurance Corporation (FDIC) coverage limits. The Organization maintains its accounts with high quality financial institutions and management believes its risk is limited.

The following table provides a reconciliation of cash and cash equivalents on the cash flow statement to the amounts reported within the statements of financial position:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 6,323,774	\$ 7,134,460
Cash and cash equivalents, designated for equipment	-	53,655
Cash and cash equivalents, restricted	<u>183,394</u>	<u>90,010</u>
Total	<u>\$ 6,507,168</u>	<u>\$ 7,278,125</u>

#### Certificates of Deposit

Certificates of deposit are recorded at cost plus accumulated interest, which approximates fair value.

#### Accounts Receivable

Revenue from government contracts, organizations and parents are recognized when eligible services are performed, as defined in each contract.

Accounts receivables are stated at the amount management expects to collect from outstanding balances and are due primarily from State and County governments for services provided on a contractual basis. No interest accrues on outstanding receivables. Receivables are generally unsecured. At December 31, 2021 and 2020 there was no allowance for uncollectible amounts recorded.

## **People Serving People, Inc. and People Serving People Charities, Inc.**

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### Notes to Consolidated Financial Statements

December 31, 2021 and 2020

#### **Pledges and Grants Receivable**

Unconditional promises to give are recognized in the period the promises are made. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return or release from future obligations – are not recognized until the conditions on which they depend are met. There is one conditional promise to give included within deferred revenue totaling \$564,864 as of December 31, 2021. The funds have been received, but the promise has a barrier preventing recognition as the conditions have not been met as of December 31, 2021.

Unconditional promises to give that are expected to be collected within one year are reflected at net realizable value. Unconditional promises to give expected to be collected in future years are discounted to their present value.

The Organization expects to collect pledges and grants receivable within the next year. Receivables are generally unsecured. At December 31, 2021 and 2020, no allowance for uncollectible pledges and grants receivable was considered necessary by management.

#### **Deferred Revenue**

Deferred revenue consists of conditional contributions or receipts for services related to self-pay tuition or shelter stay not yet earned as of December 31, 2021 and 2020.

#### **Investments**

Investments are recorded at fair value based upon quoted market prices. Donated assets are recorded at fair value at the date of donation, or, if sold immediately after receipt, at the amount of sales proceeds received (which are considered a fair measure of the value at the date of donation). Investment income or loss and unrealized gains or losses are included in the statement of activities as increases or decreases in net assets without donor restrictions unless the income or loss is restricted by donor or law.

#### **Property and Equipment**

Property and equipment are stated at cost if purchased or fair market value at date of the gift if donated. All acquisitions of property and equipment in excess of \$2,000 and all expenditures for repairs, maintenance, improvements and betterments that materially prolong the useful lives of assets are capitalized. Beginning January 1, 2021, the Board of Directors approved an increase in the capitalization threshold to \$5,000. Maintenance, repairs and minor improvements are expensed as incurred. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and resulting gains or losses are included in income.

Contributions restricted to the acquisition of long-lived assets or of cash and other assets to be used to acquire them, without donor stipulations concerning the use of such long-lived assets are reported as revenues of the net assets with donor restrictions; the restrictions are considered to be released when the asset is purchased.

Property and equipment are depreciated using the straight-line method over their estimated useful lives.

## **People Serving People, Inc. and People Serving People Charities, Inc.**

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### **Notes to Consolidated Financial Statements**

December 31, 2021 and 2020

#### **Impairment of Long-Lived Assets**

The Organization reviews long-lived assets, including property and equipment and intangible assets, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. To date, there have been no such losses.

#### **Revenue Recognition**

The Organization's contract for family emergency shelter is a contract paid out based on actual use of service. Generally, the Organization's performance obligation is to provide safe, warm overnight accommodations to families experiencing homelessness. The specific services performed under this performance obligation can be considered a bundle of services which relate to a single performance obligation since the services are highly related and the Organization would not provide any individual performance obligation as a separate service. The shelter revenue is recognized over time as the performance obligation is satisfied. The Organization has one contract with Hennepin County to provide accommodations. The contract requires the Organization to continue to maintain 99 rooms in emergency housing through December 31, 2024. The Organization determines the transaction price based on standard charges for services as documented within the contract or a contract amendment in accordance with the Organization's policies.

Tuition revenue, net of scholarships and discounts of \$11,475 and \$21,229, for the years ended December 31, 2021 and 2020, respectively, is recognized in the fiscal year in which the child care programs are delivered. The specific services performed under this performance obligation can be considered a bundle of services which relate to a single performance obligation since the services are highly related and the Organization would not provide any individual performance obligation as a separate service. The tuition revenue is recognized over time as the performance obligation is satisfied. Payments for tuition are due three days prior to the start of the bi-weekly tuition billing for self-pay and co pay families. The majority of tuition (94 percent) is paid through direct billing to a third party (a county/ThinkSmall) which occurs subsequent to the service being performed. The tuition revenue is recognized over time as the performance obligations are satisfied. The Organization determines the transaction price based on standard tuition charges for services provided reduced by discounts or scholarships provided in accordance with the Organization's policies.

#### **Measure of Operations**

The Organization's change in net assets from operating activities includes all operating revenues and expenses that are an integral part of its programs and supporting activities, net assets released from donor restrictions to support operating expenditures, and transfers from board designated and other nonoperating funds to support current operating activities. The measure of operations includes support for operating activities from both net assets with donor restrictions and net assets without donor restrictions. The measure of operations excludes net investment income, debt forgiveness income and loss on disposal of property and equipment.

#### **In-Kind Contributions**

In-kind contributions represent donated services and goods. Donated services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. In-kind contributions are valued at the estimated fair market value of those services and goods.

## **People Serving People, Inc. and People Serving People Charities, Inc.**

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Notes to Consolidated Financial Statements

December 31, 2021 and 2020

### **Expense Allocation**

The costs of providing various programs and supportive activities have been summarized on a functional basis in the consolidated statement of activities. Certain categories of expenses are related to more than one program and supporting function, as such expenses are allocated by management based on square footage, shelter operations population, full time equivalence (FTE) of staff, and estimated time and effort of staff. Expenses requiring allocations are building related (utilities, maintenance, depreciation), office/staff related (office expenses, staff training, transportation, operational supplies), and cafeteria food for shelter operation residents.

### **Advertising**

Advertising costs are expensed as incurred.

### **Tax-Exempt Status**

Both PSP and Charities qualify as tax-exempt organizations under Section 501(c)(3) of the U.S. Internal Revenue Code, and also are exempt from state income tax. However, any unrelated business income may be subject to taxation. Both PSP and Charities have been classified as a public charity under sections 501(a)(1) and 170(b)(1)(A)(vi) of the Code, and therefore charitable contributions to the Organization are tax deductible.

The Organization follows the accounting standards for contingencies in evaluating uncertain tax positions. This guidance prescribes recognition threshold principles for the financial statement recognition of tax positions taken or expected to be taken on a tax return that are not certain to be realized. No liability has been recognized by the Organization for uncertain tax positions as of December 31, 2021 and 2020. The Organization's tax returns are subject to review and examination by federal and state authorities.

### **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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### **New Accounting Pronouncements Not Yet Effective**

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, *Leases*. ASU No. 2016-02 was issued to increase transparency and comparability among entities. Lessees will need to recognize nearly all lease transactions (other than leases that meet the definition of a short-term lease) on the statement of financial position as a lease liability and a right-of-use asset (as defined). Lessor accounting under the new guidance will be similar to the current model. ASU No. 2016-02 is effective for fiscal years beginning after December 15, 2021. Upon adoption, lessees and lessors will be required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach, which includes a number of optional practical expedients that entities may elect to apply. The Organization is assessing the impact this standard will have on its financial statements.

## People Serving People, Inc. and People Serving People Charities, Inc.

### Notes to Consolidated Financial Statements

December 31, 2021 and 2020

In September 2020, FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958) Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. ASU No. 2020-07 improves financial reporting by providing new presentation and disclosure requirements about contributed nonfinancial assets, including additional disclosure requirements for recognized contributed services. The standard will be required to be applied retrospectively for annual periods beginning after June 15, 2021 (2022). The Organization is assessing the impact this standard will have on its financial statements.

## 2. Liquidity and Availability of Financial Assets

The following table reflects the Organization's financial assets as of December 31, 2021 and 2020, reduced by amounts not available for general expenditures within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year. Other financial assets that are excluded from this measure of liquidity include board designated net assets without donor restrictions. The Organization maintains and manages various reserves per policies set by its Board of Directors. The purpose of the reserves is to ensure the stability of the mission, programs, employment and ongoing operations of the Organization. The reserves balance totaled \$3,813,655 for each of the years ended December 31, 2021 and 2020.

	2021	2020
Financial assets:		
Cash and cash equivalents	\$ 6,323,774	\$ 7,134,460
Certificates of deposit	-	303,209
Accounts receivable	1,082,862	252,808
Pledges and grants receivable	179,022	267,651
Investments	10,558,488	8,882,941
Financial assets at December 31	18,144,146	16,841,069
Less those unavailable for general expenditure within one year:		
Board designated net assets	3,813,655	3,813,655
Financial assets available to meet cash needs for general expenditure within one year	\$ 14,330,491	\$ 13,027,414

The Organization's practice is to structure its financial assets to be available as its general expenses, liabilities and other obligations come due. The Organization targets a minimum of 60 days of operating expense coverage at any point in time. Cash and cash equivalents in excess of daily requirements is typically invested in short-term, liquid securities. The Organization also has a \$1,460,000 line of credit (see Note 6), under which availability is subject to the availability of the Organization's investments as collateral for borrowings. The line of credit was fully drawn at December 31, 2021 and 2020. Subsequent to year-end, the line of credit was renewed on the same terms for an amount of \$3,000,000 through June 15, 2023.



## People Serving People, Inc. and People Serving People Charities, Inc.

Notes to Consolidated Financial Statements

December 31, 2021 and 2020

### 3. Property and Equipment, Net

The major categories of property and equipment at December 31 are summarized as follows:

	Depreciable Lives	2021	2020
Land		\$ 902,681	\$ 902,681
Building	13-25 years	14,598,645	14,598,645
Furniture and equipment	3-13 years	2,367,834	2,175,763
Kitchen equipment	5-10 years	1,006,304	937,130
Leasehold improvements	5-13 years	244,272	123,392
Vehicles	5 years	173,764	173,764
Work in progress, furniture and equipment		18,079	49,874
Total property and equipment		19,311,579	18,961,249
Less accumulated depreciation		(13,873,448)	(13,075,582)
Property and equipment, net		\$ 5,438,131	\$ 5,885,667

Depreciation related to property and equipment was \$984,414 and \$948,977 for the years ended December 31, 2021 and 2020, respectively.

### 4. Investment Income

Income from investment securities is summarized as follows:

	2021	2020
Interest and dividends	\$ 231,892	\$ 196,883
Net realized gains	1,087,923	217,220
Net unrealized gains (losses)	(62,317)	168,236
Less fees	(45,434)	(39,000)
Total	\$ 1,212,064	\$ 543,339

Investments, in general, are subject to various risks, including credit, interest and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the consolidated financial statements.

### 5. Investments and Fair Value Measurements

#### Fair Value Hierarchy

Fair value is defined in the accounting guidance as the exchange price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the assets or liability in an orderly transaction between market participants at the measurement date. Under this guidance, a three-level hierarchy is used for fair value measurements which are based on the transparency of information, such as the pricing source, used in the valuation of an asset or liability as of the measurement date.

## People Serving People, Inc. and People Serving People Charities, Inc.

### Notes to Consolidated Financial Statements

December 31, 2021 and 2020

Financial instruments measured and reported at fair value are classified and disclosed in one of the following three categories:

Level 1 - Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity can access at the measurement date.

Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. This includes quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, or market-corroborated inputs.

Level 3 - Inputs are unobservable for the asset or liability. Unobservable inputs reflect the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk) using the best information available in the circumstances, which may include using the reporting entity's own data.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The following tables present information about the Organization's assets measured at fair value on a recurring basis as of December 31, 2021 and 2020 based upon the three-tier hierarchy:

December 31, 2021				
	Level 1	Level 2	Level 3	Total
Assets:				
Cash equivalents	\$ 94,410	\$ -	\$ -	\$ 94,410
Investments, mutual funds:				
Fixed income funds	1,736,936	-	-	1,736,936
Real estate funds	432,893	-	-	432,893
U.S. equity funds	4,493,672	-	-	4,493,672
U.S. bond funds	473,683	-	-	473,683
International equity funds	2,894,434	-	-	2,894,434
Hedge fund replication strategy fund	432,460	-	-	432,460
Total	\$ 10,558,488	\$ -	\$ -	\$ 10,558,488
December 31, 2020				
	Level 1	Level 2	Level 3	Total
Assets:				
Cash equivalents	\$ 118,517	\$ -	\$ -	\$ 118,517
Investments, mutual funds:				
Fixed income funds	1,119,947	-	-	1,119,947
Real estate funds	333,680	-	-	333,680
U.S. equity funds	3,226,850	-	-	3,226,850
U.S. bond funds	1,029,129	-	-	1,029,129
International equity funds	2,648,663	-	-	2,648,663
Hedge fund replication strategy fund	406,155	-	-	406,155
Total	\$ 8,882,941	\$ -	\$ -	\$ 8,882,941

## People Serving People, Inc. and People Serving People Charities, Inc.

### Notes to Consolidated Financial Statements

December 31, 2021 and 2020

#### Valuation Techniques and Inputs

The following methods and assumptions were used to estimate the fair value for each class of financial instrument measured at fair value:

##### Cash and Cash Equivalents and Investments, Mutual Funds

Cash and cash equivalents and investments, mutual funds are Level 1, as the fair values have been determined using quoted market prices.

While the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date. The Organization has not changed any of its fair value methodologies during 2021 or 2020.

#### 6. Long-Term Debt

	2021	2020
Hennepin County Housing and Redevelopment Authority note, originated March 7, 2003, in the original amount of \$400,000 at 0% interest, provided as a loan to fund the renovation costs of the Organization's shelter facility. Repayment of the outstanding note principal, with accrued interest of 1% per annum, is required in the event of default of loan agreement covenants. Repayment of the loan amount will be waived in 2033 if the Organization's facility remains rental housing affordable to low income tenants for the thirty-year period. The commitment is secured by a mortgage on the Organization's land and building.	\$ 400,000	\$ 400,000
The Organization has a line of credit agreement with a bank for \$1,460,000 with interest due monthly when in use. Interest is at a variable rate of the greater of 1% or the prime minus 2.35%. The line of credit is secured by the investment portfolio of the Organization. Subsequent to year-end, the line of credit was renewed on the same terms for an amount of \$3,000,000 through June 15, 2023.	1,460,000	1,460,000
The Organization has a long-term unsecured investment bond with Northern Trust Company. The loan originated August 11, 2017, in the amount of \$400,000 at 1% interest compounded annually, until the investment is paid and returned in full, with a maturity date of August 11, 2022.	400,000	400,000
	2,260,000	2,260,000
Less current maturities	(400,000)	-
Total long-term debt	\$ 1,860,000	\$ 2,260,000

## People Serving People, Inc. and People Serving People Charities, Inc.

### Notes to Consolidated Financial Statements

December 31, 2021 and 2020

Aggregate maturities on long-term debt payable at December 31, 2021 are as follows:

Years ending December 31:	
2022	\$ 400,000
2023	<u>1,460,000</u>
Subtotal	<u>1,860,000</u>
Forgivable loans	<u>400,000</u>
Total	<u><u>\$ 2,260,000</u></u>

#### 7. Net Assets With Donor Restrictions

Net assets with donor restrictions were for the following purposes at December 31:

	<u>2021</u>	<u>2020</u>
Time and purpose restricted:		
Health and wellness	\$ 20,000	\$ 15,000
Purpose restricted:		
Drake fire/overflow response	34,598	35,925
COVID-19 response	100,318	172,536
Family support service	10,289	76,587
Education and parent engagement	6,192	11,969
Food service project	1,493	1,244
Operations/Administration	<u>44,970</u>	<u>-</u>
	<u><u>\$ 217,859</u></u>	<u><u>\$ 313,261</u></u>

Net assets released from restrictions by incurring expenses satisfying the restricted purposes or by occurrence of events specified by the donors were reclassified to without donor restrictions net assets for programs for the years ended December 31, 2021 and 2020 in the amounts of \$663,651 and \$923,066, respectively.

#### 8. Net Assets Without Donor Restrictions

The Board of Directors of the Organization has designated \$1,500,000 of funds for future use as a facilities renewal reserve as of December 31, 2021 and 2020, \$2,260,000 of funds for debt service as of December 31, 2021 and 2020, \$53,655 of funds for future repair and replacement for the years ended December 31, 2021 and 2020.

#### 9. Operating Leases

Charities owns the building in Minneapolis where its offices are located. Charities leases space to PSP under an operating lease which expires in 2022. Base rent is adjusted to fair market rent every five years, the next adjustment will be in 2025, based upon an independent real estate analysis to be performed in 2021 and agreed to by the parties to the lease. This latest adjustment took effect January 1, 2021, and the monthly installments were adjusted to \$114,892. Under terms of the lease, PSP is responsible for taxes, utilities, maintenance and insurance. The rents paid by PSP and received by Charities are eliminated in the consolidated financial statements.

## People Serving People, Inc. and People Serving People Charities, Inc.

### Notes to Consolidated Financial Statements

December 31, 2021 and 2020

In April 2018, a 10 year lease was entered for laundry equipment. In January 2017, the Organization entered into a noncancelable operating lease for the rental of office space that terminates in 2022. The future minimum lease payments for these leases are as follows:

Years ending December 31:		
2022	\$	162,490
2023		16,803
2024		16,803
2025		16,803
2026		16,803
2027 and thereafter		22,404
		<hr/>
Total	\$	252,106
		<hr/>

#### 10. Retirement Plan

The Organization provides retirement benefits to their employees through a defined contribution plan covering all eligible employees. The Organization's contributions are discretionary and determined annually. Contributions to the plan by the Organization were approximately \$106,000 and \$92,000 for the years ended December 31, 2021 and 2020, respectively.

#### 11. In-Kind Contributions and Contributed Services

Contributed non-cash goods and services received by the Organization for the year ended December 31 were:

	2021	2020
Recorded:		
Food, supplies and other goods and services	\$ 592,833	\$ 427,258
Donated services	54,904	77,712
	<hr/>	<hr/>
Total recorded in-kind contributions	\$ 647,737	\$ 504,970
	<hr/>	<hr/>
Unrecorded donated services (unaudited)	\$ 97,566	\$ 110,980
	<hr/>	<hr/>

Unrecorded services relate primarily to the serving of food and housekeeping as a part of shelter operations in which numerous volunteer hours are necessary to support shelter operations. These services do not qualify for recognition under accounting standards generally accepted in the United States of America. During the years 2021 and 2020, volunteers were approximately 200 and 1,300, with volunteers in the food serving and other services area totaling 4,300 and 7,120 volunteer hours, respectively.

#### 12. Concentrations

Approximately 40 percent and 65 percent of the Organization's total operating revenue is provided by Hennepin County for the years ended December 31, 2021 and 2020, respectively.

The concentration is greater in the year ending 2020 as the Organization received approximately 15 percent of total operating revenue from Hennepin County in relation to COVID-19 expenses.

## **People Serving People, Inc. and People Serving People Charities, Inc.**

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Notes to Consolidated Financial Statements

December 31, 2021 and 2020

### **13. Subsequent Events**

The Organization has evaluated subsequent events through July 29, 2021, which is the date that the consolidated financial statements were available to be issued.

**People Serving People, Inc. and People Serving People Charities, Inc.**

 Consolidating Schedule of Financial Position  
 December 31, 2021

	People Serving People Charities, Inc.	People Serving People, Inc.	Eliminations	Total
<b>Assets</b>				
<b>Current Assets</b>				
Cash and cash equivalents	\$ 5,644,252	\$ 679,522	\$ -	\$ 6,323,774
Accounts receivable	24	1,082,838	-	1,082,862
Accounts receivable, related party	375,070	-	(375,070)	-
Pledges and grants receivable	179,022	-	-	179,022
Unemployment trust	-	108,461	-	108,461
Prepaid expenses and other	-	78,664	-	78,664
Total current assets	6,198,368	1,949,485	(375,070)	7,772,783
<b>Property and Equipment, Net</b>	4,163,080	1,275,051	-	5,438,131
<b>Other Assets</b>				
Investments	10,558,488	-	-	10,558,488
Cash and cash equivalents, restricted	-	183,394	-	183,394
Total assets	<u>\$ 20,919,936</u>	<u>\$ 3,407,930</u>	<u>\$ (375,070)</u>	<u>\$ 23,952,796</u>
<b>Liabilities and Net Assets</b>				
<b>Current Liabilities</b>				
Current portion of long-term debt	\$ 400,000	\$ -	\$ -	\$ 400,000
Accounts payable	5,068	82,148	-	87,216
Accounts payable, related party	-	375,070	(375,070)	-
Accrued expenses and other payables	20,309	265,228	-	285,537
Deferred revenue	483,355	81,509	-	564,864
Total current liabilities	908,732	803,955	(375,070)	1,337,617
<b>Long-Term Liabilities</b>				
Long-term debt, net of current portion	1,860,000	-	-	1,860,000
Total liabilities	2,768,732	803,955	(375,070)	3,197,617
<b>Net Assets</b>				
Without donor restrictions	14,173,345	2,550,320	-	16,723,665
Without donor restrictions, Board designated	3,760,000	53,655	-	3,813,655
Total without donor restrictions	17,933,345	2,603,975	-	20,537,320
With donor restrictions	217,859	-	-	217,859
Total net assets	18,151,204	2,603,975	-	20,755,179
Total liabilities and net assets	<u>\$ 20,919,936</u>	<u>\$ 3,407,930</u>	<u>\$ (375,070)</u>	<u>\$ 23,952,796</u>

**People Serving People, Inc. and People Serving People Charities, Inc.**

Consolidating Schedule of Financial Position

December 31, 2020

	People Serving People Charities, Inc.	People Serving People, Inc.	Eliminations	Total
<b>Assets</b>				
<b>Current Assets</b>				
Cash and cash equivalents	\$ 5,971,932	\$ 1,162,528	\$ -	\$ 7,134,460
Certificates of deposit	303,209	-	-	303,209
Accounts receivable	12	252,796	-	252,808
Accounts receivable, related party	-	320,234	(320,234)	-
Pledges and grants receivable	267,651	-	-	267,651
Unemployment trust	-	83,994	-	83,994
Prepaid expenses and other	17,628	89,234	-	106,862
Total current assets	6,560,432	1,908,786	(320,234)	8,148,984
<b>Property and Equipment, Net</b>	4,772,416	1,113,251	-	5,885,667
<b>Other Assets</b>				
Investments	8,882,941	-	-	8,882,941
Cash and cash equivalents, restricted	-	90,010	-	90,010
Cash and cash equivalents, designated for equipment	-	53,655	-	53,655
Total assets	<u>\$ 20,215,789</u>	<u>\$ 3,165,702</u>	<u>\$ (320,234)</u>	<u>\$ 23,061,257</u>
<b>Liabilities and Net Assets</b>				
<b>Current Liabilities</b>				
Accounts payable	\$ 8,088	\$ 118,577	\$ -	\$ 126,665
Accounts payable, related party	320,234	-	(320,234)	-
Accrued expenses and other payables	18,238	251,450	-	269,688
Deferred revenue	696,715	1,227	-	697,942
Total current liabilities	1,043,275	371,254	(320,234)	1,094,295
<b>Long-Term Liabilities</b>				
Long-term debt, net of current portion	2,260,000	-	-	2,260,000
Total liabilities	3,303,275	371,254	(320,234)	3,354,295
<b>Net Assets</b>				
Without donor restrictions	12,839,253	2,740,793	-	15,580,046
Without donor restrictions, Board designated	3,760,000	53,655	-	3,813,655
Total without donor restrictions	16,599,253	2,794,448	-	19,393,701
With donor restrictions	313,261	-	-	313,261
Total net assets	16,912,514	2,794,448	-	19,706,962
Total liabilities and net assets	<u>\$ 20,215,789</u>	<u>\$ 3,165,702</u>	<u>\$ (320,234)</u>	<u>\$ 23,061,257</u>



**People Serving People, Inc. and People Serving People Charities, Inc.**

Consolidating Schedule of Activities

Year Ended December 31, 2021

	People Serving People Charities, Inc.			People Serving People, Inc.			Eliminations			Consolidated Total		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions		Total	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
				Shelter Operations	Supporting Programs							
<b>Operating Support and Revenue</b>												
Governmental contracts and grants	\$ -	\$ -	\$ -	\$ 3,426,571	\$ 721,753	\$ 4,148,324	\$ -	\$ -	\$ -	\$ 4,148,324	\$ -	\$ 4,148,324
Other contributions and grants:												
Contributions from related party	-	-	-	85,983	2,531,224	2,617,207	(2,617,207)	-	(2,617,207)	-	-	-
Contributions from related party, in-kind donations	-	-	-	528,724	118,389	647,113	(647,113)	-	(647,113)	-	-	-
Individual/family foundations	1,284,906	27,369	1,312,275	-	-	-	-	-	-	1,284,906	27,369	1,312,275
Corporate/foundation grants	726,017	489,043	1,215,060	-	1,000	1,000	-	-	-	727,017	489,043	1,216,060
Community	39,020	200	39,220	-	-	-	-	-	-	39,020	200	39,220
Self-pay clients	-	-	-	82,364	-	82,364	-	-	-	82,364	-	82,364
Supportive housing	-	-	-	139,552	-	139,552	-	-	-	139,552	-	139,552
Tuition, net of scholarships and discounts	-	-	-	-	656,758	656,758	-	-	-	656,758	-	656,758
Rental revenue from related party	1,378,700	-	1,378,700	-	-	-	(1,378,700)	-	(1,378,700)	-	-	-
In-kind contributions	647,737	-	647,737	-	-	-	-	-	-	647,737	-	647,737
Special events revenue	141,403	51,637	193,040	-	-	-	-	-	-	141,403	51,637	193,040
Management fee income from related party	78,594	-	78,594	-	146,403	146,403	(224,997)	-	(224,997)	-	-	-
Other income	-	-	-	-	122,904	122,904	-	-	-	122,904	-	122,904
	<u>4,296,377</u>	<u>568,249</u>	<u>4,864,626</u>	<u>4,263,194</u>	<u>4,298,431</u>	<u>8,561,625</u>	<u>(4,868,017)</u>	<u>-</u>	<u>(4,868,017)</u>	<u>7,989,985</u>	<u>568,249</u>	<u>8,558,234</u>
Satisfaction of program restrictions	<u>663,651</u>	<u>(663,651)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>663,651</u>	<u>(663,651)</u>	<u>-</u>
Total operating support and revenue	<u>4,960,028</u>	<u>(95,402)</u>	<u>4,864,626</u>	<u>4,263,194</u>	<u>4,298,431</u>	<u>8,561,625</u>	<u>(4,868,017)</u>	<u>-</u>	<u>(4,868,017)</u>	<u>8,653,636</u>	<u>(95,402)</u>	<u>8,558,234</u>
<b>Expenses</b>												
Program services	3,959,204	-	3,959,204	5,304,187	3,077,393	8,381,580	(4,676,290)	-	(4,676,290)	7,664,494	-	7,664,494
Management and general	285,771	-	285,771	238,292	138,636	376,928	(191,727)	-	(191,727)	470,972	-	470,972
Fundraising	<u>570,543</u>	<u>-</u>	<u>570,543</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>570,543</u>	<u>-</u>	<u>570,543</u>
Total expenses	<u>4,815,518</u>	<u>-</u>	<u>4,815,518</u>	<u>5,542,479</u>	<u>3,216,029</u>	<u>8,758,508</u>	<u>(4,868,017)</u>	<u>-</u>	<u>(4,868,017)</u>	<u>8,706,009</u>	<u>-</u>	<u>8,706,009</u>
Change in net assets from operating activities	<u>144,510</u>	<u>(95,402)</u>	<u>49,108</u>	<u>(1,279,285)</u>	<u>1,082,402</u>	<u>(196,883)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(52,373)</u>	<u>(95,402)</u>	<u>(147,775)</u>
<b>Nonoperating Activities</b>												
Net investment income	1,198,767	-	1,198,767	-	13,297	13,297	-	-	-	1,212,064	-	1,212,064
Debt forgiveness	-	-	-	-	-	-	-	-	-	-	-	-
Loss on disposal of property and equipment	<u>(9,185)</u>	<u>-</u>	<u>(9,185)</u>	<u>-</u>	<u>(6,887)</u>	<u>(6,887)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(16,072)</u>	<u>-</u>	<u>(16,072)</u>
Change in net assets	<u>1,334,092</u>	<u>(95,402)</u>	<u>\$ 1,238,690</u>	<u>\$ (1,279,285)</u>	<u>\$ 1,088,812</u>	<u>(190,473)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,143,619</u>	<u>(95,402)</u>	<u>1,048,217</u>
<b>Net Assets, Beginning</b>	<u>16,599,253</u>	<u>313,261</u>	<u>\$ 16,912,514</u>			<u>2,794,448</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,393,701</u>	<u>313,261</u>	<u>19,706,962</u>
<b>Net Assets, Ending</b>	<u>\$ 17,933,345</u>	<u>\$ 217,859</u>	<u>\$ 18,151,204</u>			<u>\$ 2,603,975</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,537,320</u>	<u>\$ 217,859</u>	<u>\$ 20,755,179</u>

**People Serving People, Inc. and People Serving People Charities, Inc.**

Consolidating Schedule of Activities

Year Ended December 31, 2020

	People Serving People Charities, Inc.			People Serving People, Inc.			Eliminations			Consolidated Total		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions		Total	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
				Shelter Operations	Supporting Programs							
<b>Operating Support and Revenue</b>												
Governmental contracts and grants	\$ -	\$ -	\$ -	\$ 3,285,138	\$ 253,301	\$ 3,538,439	\$ -	\$ -	\$ -	\$ 3,538,439	\$ -	\$ 3,538,439
Governmental contracts, Isolation Hotel	-	-	-	528,465	-	528,465	-	-	-	528,465	-	528,465
Governmental contracts and grants, COVID-19	-	-	-	500,010	814,951	1,314,961	-	-	-	1,314,961	-	1,314,961
Other contributions and grants:												
Contributions from related party	-	-	-	145,807	2,109,147	2,254,954	(2,254,954)	-	(2,254,954)	-	-	-
Contributions from related party, in-kind donations	-	-	-	284,857	208,826	493,683	(493,683)	-	(493,683)	-	-	-
Individual/family foundations	1,540,998	134,283	1,675,281	-	-	-	-	-	-	1,540,998	134,283	1,675,281
Corporate/foundation grants	939,047	986,859	1,925,906	-	-	-	-	-	-	939,047	986,859	1,925,906
Community	45,968	-	45,968	-	-	-	-	-	-	45,968	-	45,968
Self-pay clients	-	-	-	193,342	-	193,342	-	-	-	193,342	-	193,342
Supportive housing	-	-	-	159,404	-	159,404	-	-	-	159,404	-	159,404
Tuition, net of scholarships and discounts	-	-	-	-	910,678	910,678	-	-	-	910,678	-	910,678
Rental revenue from related party	1,382,496	-	1,382,496	-	-	-	(1,382,496)	-	(1,382,496)	-	-	-
In-kind contributions	504,644	-	504,644	-	326	326	-	-	-	504,970	-	504,970
Special events revenue	208,155	22,858	231,013	-	-	-	-	-	-	208,155	22,858	231,013
Management fee income from related party	78,790	-	78,790	-	161,089	161,089	(239,879)	-	(239,879)	-	-	-
Other income	363	-	363	-	84,238	84,238	-	-	-	84,601	-	84,601
	4,700,461	1,144,000	5,844,461	5,097,023	4,542,556	9,639,579	(4,371,012)	-	(4,371,012)	9,969,028	1,144,000	11,113,028
Satisfaction of program restrictions	923,066	(923,066)	-	-	-	-	-	-	-	923,066	(923,066)	-
Total operating support and revenue	5,623,527	220,934	5,844,461	5,097,023	4,542,556	9,639,579	(4,371,012)	-	(4,371,012)	10,892,094	220,934	11,113,028
<b>Expenses</b>												
Program services	3,456,145	-	3,456,145	5,427,352	3,103,713	8,531,065	(4,165,401)	-	(4,165,401)	7,821,809	-	7,821,809
Management and general	275,493	-	275,493	215,122	123,021	338,143	(205,611)	-	(205,611)	408,025	-	408,025
Fundraising	501,883	-	501,883	-	-	-	-	-	-	501,883	-	501,883
Total expenses	4,233,521	-	4,233,521	5,642,474	3,226,734	8,869,208	(4,371,012)	-	(4,371,012)	8,731,717	-	8,731,717
Change in net assets from operating activities	1,390,006	220,934	1,610,940	(545,451)	1,315,822	770,371	-	-	-	2,160,377	220,934	2,381,311
<b>Nonoperating Activities</b>												
Net investment income	535,386	-	535,386	-	7,953	7,953	-	-	-	543,339	-	543,339
Debt forgiveness	160,075	-	160,075	-	-	-	-	-	-	160,075	-	160,075
Loss on disposal of property and equipment	-	-	-	-	(11,926)	(11,926)	-	-	-	(11,926)	-	(11,926)
Change in net assets	2,085,467	220,934	2,306,401	<u>\$ (545,451)</u>	<u>\$ 1,311,849</u>	766,398	-	-	-	2,851,865	220,934	3,072,799
<b>Net Assets, Beginning</b>	14,513,786	92,327	14,606,113			2,028,050	-	-	-	16,541,836	92,327	16,634,163
<b>Net Assets, Ending</b>	<u>\$ 16,599,253</u>	<u>\$ 313,261</u>	<u>\$ 16,912,514</u>			<u>\$ 2,794,448</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,393,701</u>	<u>\$ 313,261</u>	<u>\$ 19,706,962</u>