

WILKINSBURG COMMUNITY MINISTRY

FINANCIAL STATEMENTS

Years Ended December 31, 2022 and 2021

TABLE OF CONTENTS

| | PAGE NUMBER |
|---|-------------|
| INDEPENDENT ACCOUNTANT'S REVIEW REPORT | 1-2 |
| FINANCIAL STATEMENTS | |
| Statements of Assets, Liabilities, and Net Assets (Deficit) - Modified Cash basis | 3 |
| Statements of Support, Expenses, and Other Changes in Net Assets (Deficit) - Modified Cash Basis | 4 |
| Statements of Functional Expenses - Modified Cash Basis | 5 |
| Notes to the Financial Statements..... | 6-10 |

KENNETH M. WASSERMAN, CPA & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

3616 LIBERTY AVENUE

PITTSBURGH, PENNSYLVANIA 15201

TELEPHONE 412-621-7737 FACSIMILE 412-621-7789

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of
Wilkesburg Community Ministry
Wilkesburg, Pennsylvania

We have reviewed the accompanying financial statements of Wilkesburg Community Ministry (a nonprofit organization), which comprise the Statements of Assets, Liabilities and Net Assets (Deficit) - Modified Cash Basis as of December 31, 2022 and 2021, and the related Statements of Support, Expenses and Other Changes in Net Assets (Deficit) - Modified Cash Basis and Functional Expenses - Modified Cash Basis for the years 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 company 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 the modified cash basis of accounting; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of financial statements in the circumstances. Management is also responsible for 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 engagements in accordance with standards established by the American Institute of Certified Public Accountants. 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 the modified cash basis of accounting. We believe that the results of our procedures provide a reasonable basis for our conclusion.

KENNETH M. WASSERMAN, CPA & CO., P.C.

We are required to be independent of Wilkinsburg Community Ministry and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our reviews.

Accountant's Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements for them to be in accordance with the modified cash basis of accounting.

Basis of Accounting

We draw attention to Note A of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our conclusion is not modified with respect to this matter.

Kenneth M. Wasserman, CPA

Kenneth M. Wasserman, CPA & Co., P.C.
Certified Public Accountants
Pittsburgh, Pennsylvania
May 31, 2023

WILKINSBURG COMMUNITY MINISTRY
 STATEMENTS OF ASSETS, LIABILITIES, AND NET ASSETS (DEFICIT) -
 MODIFIED CASH BASIS
 December 31, 2022 and 2021

| | 2022 | 2021 |
|--|------------------|-----------------|
| ASSETS | | |
| Cash | \$ 39,331 | \$ 5,370 |
| Security Deposit | <u>950</u> | <u>950</u> |
| TOTAL ASSETS | <u>\$ 40,281</u> | <u>\$ 6,320</u> |
| LIABILITIES & NET ASSETS (DEFICIT) | | |
| Liabilities | | |
| Credit Cards Payable | \$ 4,033 | \$ 320 |
| Loans from Director | <u>0</u> | <u>14,000</u> |
| Total Liabilities | 4,033 | 14,320 |
| Net Assets (Deficit) | | |
| Without Donor Restrictions | <u>36,248</u> | <u>(8,000)</u> |
| TOTAL LIABILITIES AND NET ASSETS (DEFICIT) | <u>\$ 40,281</u> | <u>\$ 6,320</u> |

SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT AND NOTES TO THE FINANCIAL STATEMENTS

WILKINSBURG COMMUNITY MINISTRY
STATEMENTS OF SUPPORT, EXPENSES, AND OTHER CHANGES IN NET ASSETS
(DEFICIT) - MODIFIED CASH BASIS
Years Ended December 31, 2022 and 2021

| | 2022 | 2021 |
|--|------------------|-------------------|
| CHANGES IN NET ASSETS (DEFICIT) WITHOUT DONOR RESTRICTIONS | | |
| Support Without Donor Restrictions | | |
| Contributions and Grants | \$ 276,304 | \$ 195,206 |
| Employee Retention Credit | 36,964 | 0 |
| Interest Income | 1,723 | 0 |
| Flood-Related Insurance Settlement | <u>0</u> | <u>10,025</u> |
| Total Support Without Donor Restrictions | 314,991 | 205,231 |
| Functional Expenses | | |
| Program Services | 206,018 | 140,193 |
| Management and General | 53,355 | 54,818 |
| Fundraising | <u>11,370</u> | <u>6,518</u> |
| Total Functional Expenses | <u>270,743</u> | <u>201,529</u> |
| CHANGE IN NET ASSETS (DEFICIT) WITHOUT DONOR RESTRICTIONS | <u>44,248</u> | <u>3,702</u> |
| NET DEFICIT AT BEGINNING OF YEAR | <u>(8,000)</u> | <u>(11,702)</u> |
| NET ASSETS (DEFICIT) AT END OF YEAR | <u>\$ 36,248</u> | <u>\$ (8,000)</u> |

SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT AND NOTES TO THE FINANCIAL STATEMENTS

WILKINSBURG COMMUNITY MINISTRY
 STATEMENTS OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS
 Years Ended December 31, 2022 AND 2021

Year Ended December 31, 2022

| | <u>Supporting Services</u> | | | Total Expenses |
|---------------------------------|----------------------------|---------------------------|-------------|----------------|
| | Program Services | Management and General | Fundraising | |
| Salaries and Wages | \$ 100,358 | \$ 18,817 | \$ 6,272 | \$ 125,447 |
| Payroll Taxes | 7,359 | 1,380 | 460 | 9,199 |
| Professional Fees | 0 | 3,500 | 0 | 3,500 |
| Office Expenses | 0 | 12,182 | 4,638 | 16,820 |
| Occupancy Expenses | 18,711 | 3,302 | 0 | 22,013 |
| Van Expenses | 4,222 | 0 | 0 | 4,222 |
| Insurance | 0 | 9,717 | 0 | 9,717 |
| Food and Other Program Supplies | 42,811 | 0 | 0 | 42,811 |
| Bank and Payroll Fees | 0 | 1,620 | 0 | 1,620 |
| Van Loan Payment | 3,490 | 0 | 0 | 3,490 |
| Garden Expenses | 1,140 | 0 | 0 | 1,140 |
| Food Truck Expenses | 11,852 | 0 | 0 | 11,852 |
| Leasehold Improvements | 16,075 | 2,837 | 0 | 18,912 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total Functional Expenses | \$ 206,018 | \$ 53,355 | \$ 11,370 | \$ 270,743 |

Year Ended December 31, 2021

| | <u>Supporting Services</u> | | | Total Expenses |
|---------------------------------|----------------------------|---------------------------|-------------|----------------|
| | Program Services | Management and General | Fundraising | |
| Salaries and Wages | \$ 84,310 | \$ 15,639 | \$ 5,213 | \$ 105,162 |
| Payroll Taxes | 5,151 | 966 | 323 | 6,440 |
| Professional Fees | 0 | 2,530 | 0 | 2,530 |
| Office Expenses | 0 | 16,886 | 600 | 17,486 |
| Occupancy Expenses | 14,355 | 2,533 | 0 | 16,888 |
| Van Expenses | 4,353 | 0 | 0 | 4,353 |
| Insurance | 0 | 5,780 | 0 | 5,780 |
| Food and Other Program Supplies | 13,936 | 0 | 382 | 14,318 |
| Bank and Payroll Fees | 0 | 673 | 0 | 673 |
| Van Loan Payment | 4,687 | 0 | 0 | 4,687 |
| Garden Expenses | 7,672 | 0 | 0 | 7,672 |
| Flood-Related Expenses | 0 | 8,800 | 0 | 8,800 |
| Leasehold Improvements | 5,729 | 1,011 | 0 | 6,740 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total Functional Expenses | \$ 140,193 | \$ 54,818 | \$ 6,518 | \$ 201,529 |

SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT AND NOTES TO THE FINANCIAL STATEMENTS

WILKINSBURG COMMUNITY MINISTRY
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization - Nature of Activities

Wilkesburg Community Ministry (WCM) is a Wilkesburg, Pennsylvania non-profit organization supported by area residents and congregations. WCM responds to the persistent needs of people of all faiths, addressing the human service crises in the community of Wilkesburg.

Through its urban survival program, WCM leverages the contributions of several community and local business partners to provide emergency food, bread, soup, clothing, and other basic necessities, such as diapers and hygiene products to people in need. The WCM office is open Monday through Friday, where individuals can walk in to get assistance as well as references to other agencies.

Basis of Accounting

The financial statements are prepared on the modified cash basis of accounting. This basis differs from generally accepted accounting principles primarily because contributions are recognized when received rather than when earned, and expenses are recognized when paid rather than when incurred.

Classification of Net Assets (Deficit)

Net assets of WCM are classified based on the presence or absence of donor-imposed restrictions. Net assets are comprised of the following:

Without Donor Restrictions - Net Assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. Expenses are reported as decreases in net assets without donor restrictions.

With Donor Restrictions - Assets subject to usage limitations based on donor-imposed restrictions. These restrictions may be temporary or may be based on particular use. Restrictions may be met by the passage of time or actions of WCM. When the stipulated purpose has been fulfilled and/or the stipulated time period has elapsed, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statements of support, expenses, and other changes in net assets (deficit) - modified cash basis as net assets released from restrictions. Contributions received with donor restrictions that are met in the year of receipt are recorded as net assets without donor restrictions.

WILKINSBURG COMMUNITY MINISTRY
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributed Services, Supplies, and Assets

WCM receives a substantial amount of volunteer support. The financial statements do not reflect the value of those contributed services as they are not susceptible to objective measurement or valuation. WCM also receives donated or discounted food and dairy items that it uses for its programs. Management believes the fair value of donated supplies to be immaterial. As donations of goods and assets do not result in a cash transaction they are not reflected in the financial statements.

In 2022 and 2021, WCM received contributed assets. See Note G.

Cash

For purposes of the financial statements, cash is defined as all checking, savings, and money market accounts. Cash consists of two checking accounts at one financial institution.

Property and Equipment

WCM's policy is to expense all property and equipment purchased. WCM's property consists of a delivery van, office and kitchen equipment, and office furniture.

Functional Expenses

The costs of WCM's programs and supporting services have been reported on a functional basis in the statements of functional expenses - modified cash basis. Expenses are first charged to programs and supporting services based on direct expenses incurred. Expenses relating to payroll, occupancy, and vehicle operation are allocated among programs and supporting services benefitted based on estimates of time, square footage, and use, respectively.

Income Taxes

WCM, is an organization exempt from income tax as provided in Section 501 (c)(3) of the Internal Revenue Code.

For the years 2020 through 2022, the Organization's Forms 990, Return of Organization Exempt from Income Tax, are subject to examination by the IRS, generally for three years after they were filed.

WILKINSBURG COMMUNITY MINISTRY
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported support and expenses. Actual results could differ from those estimates.

Subsequent Events

In accordance with FASB Accounting Standards Codification Disclosures topic for Subsequent Events, management has evaluated subsequent events through May 31, 2023, the date the financial statements are available to be issued.

NOTE B: LIQUIDITY AND AVAILABILITY OF ASSETS

WCM's financial assets available within one year of the statements of assets, liabilities, and net assets (deficit) - modified cash basis date for general expenditures are as follows:

| | 2022 | 2021 |
|------|----------|---------|
| Cash | \$39,331 | \$5,370 |
| | ===== | ===== |

As of the date of the Statements of Assets, Liabilities, and Net Assets (Deficit) - Modified Cash Basis, WCM does not have any donor restricted or board designated assets that would make its liquid assets unavailable to pay general expenditures, liabilities, and other obligations when they come due. WCM has depended on working capital loans from a director (Note C) to cover periods of illiquidity.

NOTE C: LOANS FROM DIRECTOR - RELATED PARTY

A WCM director made working capital loans to WCM in 2021 and in prior years. The loans are non-interest bearing, uncollateralized, and have no specific repayment terms. A significant withdrawal of support or an immediate demand for payment by this director could have a materially adverse effect on WCM.

The following summarizes the loan principal balance due to this director for 2022:

| | |
|----------------------------|-----------|
| Balance, beginning of year | \$ 14,000 |
| Advances | 14,600 |
| Repayments | (28,600) |
| | ----- |
| Balance, end of year | \$ 0 |
| | ===== |

WILKINSBURG COMMUNITY MINISTRY
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE D: VAN LOAN

In November 2019, WCM financed the cost of a new van in the amount of \$17,164 through a national bank. The note is for 72 months at a 6.69% interest rate with monthly payments starting in December 2019 of \$291. Future minimum payments of principal and interest under the finance agreement are as follows:

| December 31: | Principal | Interest | Total |
|--------------|-----------|----------|----------|
| 2023 | \$2,956 | \$534 | \$ 3,490 |
| 2024 | 3,163 | 327 | 3,490 |
| 2025 | 3,092 | 108 | 3,200 |
| | ----- | --- | ----- |
| Total | \$9,211 | \$969 | \$10,180 |
| | ===== | === | ===== |

In accordance with WCM significant accounting policies as described in Note A regarding property and equipment, the van and the associated liability have not been recorded in the Statements of Net Assets, Liabilities, and Net Assets (Deficit) - Modified Cash Basis.

NOTE E: CONCENTRATION OF SUPPORT

WCM received approximately \$37,019 and \$42,402 in gifts from supporting congregations for the years ended December 31, 2022 and 2021, respectively. These amounts are reported as a component of contributions and grants on the Statements of Support, Expenses, and Other Changes in Net Assets (Deficit) - Modified Cash Basis.

NOTE F: CONTRIBUTED ASSETS

In 2021, WCM received a contribution of a walk-in cooler refrigeration system to be used to store food for its urban survival program. The estimated fair value of the walk-in cooler refrigeration system was \$20,800 at the date of contribution.

In 2022, WCM received a contribution of a food truck to be used in their urban survival program. The estimated fair value of the food truck was \$36,000 at the date of contribution.

In accordance with WCM significant accounting policies as described in Note A for contributed services, supplies, and assets, the contributions and related expenses have not been recorded in the Statements of Support, Expenses, and Other Changes in Net Assets (Deficit) - Modified Cash Basis.

WILKINSBURG COMMUNITY MINISTRY
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE G: OFFICE LEASE

WCM leases monthly office and storage space under an operating lease that is month-to-month at a rate of \$850 per month. As of August 2022, the monthly rate increased to \$1,100 per month.

NOTE H: EMPLOYEE RETENTION CREDIT

The Employee Retention Credit (ERC) was authorized by the CARES Act, for use between March 12, 2020 and September 30, 2021. Under the CARES Act, organizations that experienced either a full or partial suspension of the operation of their trade or business during any calendar quarter because of governmental orders due to COVID-19, or a significant decline in gross receipts could apply for the ERC. For 2021, an employer generally qualified if gross receipts in a calendar quarter of 2021 were below 20% of gross receipts for the same calendar quarter in 2019.

WCM has amended its Form 941 for the second quarter of 2021, to claim the ERC in the amount of \$18,552. WCM has also amended its Form 941 for the third quarter of 2021, to claim the ERC in the amount of \$18,412. These amounts have been received and are reported on the Statement of Support, Expenses, and other Changes in Net Assets (Deficit) as Employee Retention Credit.

Laws and regulations concerning government programs, including the ERC are complex and subject to varying interpretations. Claims made may also be subject to retroactive audit and review. The IRS may challenge WCM's claim to the tax credits, and it is not possible to determine the impact, if any, this would have upon WCM.