

PEOPLE LOVING NASHVILLE
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
DECEMBER 31, 2022

PEOPLE LOVING NASHVILLE
Financial Statements
DECEMBER 31, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of People Loving Nashville

Opinion

We have audited the accompanying statements of People Loving Nashville which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of People Loving Nashville as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of People Loving Nashville, and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 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, and 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

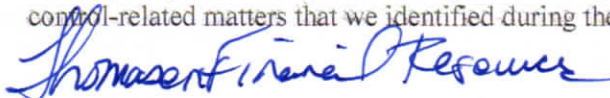
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance 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, including omissions, 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 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 financial statements, whether due to fraud or error, and design and perform audit procedures responsive to the risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the 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 People Loving Nashville'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about People Loving Nashville'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.

A handwritten signature in blue ink, appearing to read "Thomas F. Frazier".

June 13, 2023

PEOPLE LOVING NASHVILLE
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022

ASSETS

Cash and cash equivalents	\$ 336,869
Contributions receivable	83,015
Grant receivable	12,000
Receivable from third parties	1,135
Security deposit	8,800
Prepays	11,276
Investments	643,323
Property and equipment (net of accumulated depreciation of \$19,079)	105,953
Total assets	<u><u>\$ 1,202,371</u></u>

LIABILITIES AND NET ASSETS

Liabilities

Accounts payable	\$ 27,546
Accrued liabilities	5,635
Total liabilities	<u>33,181</u>

Net Assets

Without donor restrictions	1,169,190
Total net assets	<u><u>1,169,190</u></u>
Total liabilities and net assets	<u><u>\$ 1,202,371</u></u>

The accompanying notes are an integral part of these financial statements

**PEOPLE LOVING NASHVILLE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Without Donor Restrictions</u>
Public Support and Revenue	
Contributions	\$ 923,076
Grant income	179,535
Loss on disposal of assets	(40,121)
Social enterprise - merchandise sales	8,221
Investment income, net	6,792
Total public support and revenue	<u>1,077,503</u>
 Expenses	
Program services:	
Street programs	349,873
Restoration	55,788
Homefullness	244,024
Total program services	<u>649,685</u>
 Supporting services:	
Management and general	329,539
Fundraising	30,931
Total supporting services	<u>360,470</u>
Total expenses	<u>1,010,155</u>
 Change in net assets	67,348
Net assets at beginning of year	1,101,842
Net assets at end of year	<u><u>\$ 1,169,190</u></u>

The accompanying notes are an integral part of these financial statements

**PEOPLE LOVING NASHVILLE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Cash Flows From Operating Activities:

Change in net assets	\$ 67,348
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	19,517
Loss on disposal of assets	40,121
Changes in operating assets and liabilities:	
Receivable from third parties	(520)
Grant receivable	1,138
Contributions receivable	(83,015)
Security deposit	(8,800)
Prepays	(11,276)
Accounts payable	5,649
Accrued liabilities	(230)
Net cash provided by operating activities	<u>29,932</u>

Cash Flows From Investing Activities

Purchases of property and equipment	(81,486)
Purchases of investments	<u>(643,323)</u>
Net cash used in investing activities	<u>(724,809)</u>
 Net change in cash and cash equivalents	 (694,877)
Cash and cash equivalents at beginning of year	<u>1,031,746</u>
Cash and cash equivalents at end of year	<u><u>\$ 336,869</u></u>

The accompanying notes are an integral part of these financial statements

**PEOPLE LOVING NASHVILLE
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR DECEMBER 31, 2022**

	Program Services				Supporting Services			
	Street Programs	Restoration	Homefulness	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses
Salaries	\$ 135,354	\$ 26,250	\$ 187,626	\$ 349,230	\$ 121,743	\$ -	\$ 121,743	\$ 470,973
Employee benefits	7,345	793	6,265	14,403	3,981	-	3,981	18,384
Payroll taxes	11,211	2,159	14,888	28,258	9,811	-	9,811	38,069
Total compensation	153,910	29,202	208,779	391,891	135,535	-	135,535	527,426
Professional fees	2,190	-	-	2,190	56,965	4,474	61,439	63,629
Employer and volunteer support	15,353	-	42	15,395	10,914	12	10,926	26,321
Community support	21,901	205	9,956	32,062	58	-	58	32,120
Emergency programs	23,157	-	-	23,157	684	-	684	23,841
Field supplies	63,988	1,865	8,923	74,776	2,955	-	2,955	77,731
Building occupancy	34,713	54	26	34,793	98,441	1,007	99,448	134,241
Insurance	5,691	-	-	5,691	2,954	-	2,954	8,645
Bank and credit card fees	-	-	-	-	870	13,938	14,808	14,808
Depreciation	9,759	-	9,758	19,517	-	-	-	19,517
Travel and meetings	5,672	483	2,536	8,691	3,403	224	3,627	12,318
Human resources management	-	-	-	-	2,619	-	2,619	2,619
Marketing	-	-	-	-	-	6,941	6,941	6,941
Dues and subscriptions	-	202	-	202	6,955	-	6,955	7,157
Vehicle expenses	9,533	-	-	9,533	260	-	260	9,793
Mobile phone charges	-	-	-	-	6,926	-	6,926	6,926
Software fees	-	-	-	-	-	4,335	4,335	4,335
Coffee supplies and merchandise	-	19,773	-	19,773	-	-	-	19,773
Miscellaneous	4,006	4,004	4,004	12,014	-	-	-	12,014
Total expenses by function	<u>\$ 349,873</u>	<u>\$ 55,788</u>	<u>\$ 244,024</u>	<u>\$ 649,685</u>	<u>\$ 329,539</u>	<u>\$ 30,931</u>	<u>\$ 360,470</u>	<u>\$ 1,010,155</u>
Current year's percentages	34.64%	5.52%	24.16%	64.32%	32.62%	3.06%	35.68%	100.00%

The accompanying notes are an integral part of these financial statements

PEOPLE LOVING NASHVILLE
Notes to Financial Statements
December 31, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

People Loving Nashville (the “Organization”) is a not-for-profit organization located in Nashville, Tennessee. The Organization’s purpose is to bring relief, community, connection and restoration to the most vulnerable of Nashville. The Organization fulfills its mission through programs, including Street programs, Emergency Relief and Wild Indigo program impacting the mind, body and spirit of its community participants. The Organization is supported primarily through individual, corporate and foundation contributions.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets without donor restrictions are resources available to support operations. The only limits on the use of these net assets are the broad limits resulting for the nature of the organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions – Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor’s instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the organization must continue to use the resources in accordance with the donor’s instructions.

Restrictions that are fulfilled in the same accounting period in which the contributions are received are reported in the statement of activities as net assets without donor restrictions. When a restriction expires in a period after the contributions are received, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

PEOPLE LOVING NASHVILLE
Notes to Financial Statements
December 31, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Basis of Presentation-continued

The amount for each of these classes of net assets is displayed in the statement of financial position and the amount of change in each class of net assets is displayed in the statement of activities.

Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the Organization considers all cash funds, cash bank accounts and highly liquid debt instruments, with an original maturity when purchased of three months or less, to be cash and cash equivalents.

Donated Material and Services

A substantial number of unpaid volunteers have made contributions of their time to assist the Organization, and contributions of clothing for immediate distribution to encampments and other local vulnerable populations. The value of both time and clothing contributed by volunteers is not estimable.

Property and Equipment

Property and equipment are recorded at cost to the Organization, or if donated, at the estimated fair market value at the date of donation. All depreciation is computed using the straight-line method based on the estimated useful life of the asset. When property and equipment are sold or otherwise disposed, the asset and related accumulated depreciation are relieved, and any gain or loss is included in operations. Expenditures for repairs and maintenance are charged to operations when incurred. Estimated useful lives are 5 years for office and kitchen equipment, 3 years for computer equipment and 7 years for vehicles.

Grants Receivable

The Organization considers grants receivable to be fully collectible at year-end. Accordingly, no allowance for doubtful accounts has been recorded.

Contributions Receivable

The Organization considers contributions receivable to be fully collectible at year-end. Accordingly, no allowance for doubtful accounts has been recorded.

PEOPLE LOVING NASHVILLE
Notes to Financial Statements
December 31, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Support and Revenue Recognition

Government Grants and Contributions: Government Grants and contributions are recognized when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest are received. Conditional promises to give, including those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. Government grants and contributions that are restricted by the donor are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Social enterprise –merchandise sales: Social enterprise –merchandise sales are recognized at the time of online customer order with delivery of goods to customer within a week. Such revenue is included in related revenue in the accompanying statement of activities

Investments

Investments are stated at fair market value. Unrealized gains and losses, investment fees and interest and dividends are reflected in the statement of activities as investment income, net

Use of Estimates

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.

Income Taxes

The Organization is a nonprofit organization exempt from income taxes under Section 501 (c) (3) of the Internal Revenue Code (IRC), though it would be subject to tax on income unrelated to its exempt purpose (unless that income is otherwise excluded by the IRC). Contributions to the organization are tax deductible to donors under Section 170 of the IRC. The Organization is not classified as a private foundation.

PEOPLE LOVING NASHVILLE
Notes to Financial Statements
December 31, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Expense Recognition and Allocation

The costs of providing program services and supporting services have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited using a reasonable allocation method that is consistently applied, as follows:

- Salaries and wages, benefits, and payroll taxes are allocated based on activity reports prepared by key personnel.
- Building occupancy, community support, and miscellaneous expenses that cannot be directly identified are allocated on the basis of employee headcount for each program and supporting activity.

Management and general expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the organization. Fund raising costs are expensed as incurred, even though they may result in contributions received in future years. The organization generally does not conduct its fundraising activities in conjunction with its other activities. In the few cases in which it does, such as when the website is updated with requests for contributions, joint costs have been allocated between fundraising and management and general expenses in accordance with standards for accounting for costs of activities that include fundraising.

New Accounting Pronouncement

On January 1, 2022, the Organization adopted Financial Accounting Standards Board issued Accounting Standards Update 2016-02, Leases (Topic 842). The standard requires all leases with lease terms over 12 months to be capitalized as a right-of-use asset and lease liability on the statement of financial position at the date of lease commencement. Leases will be classified as either finance or operating. This distinction will be relevant for the pattern of expense recognition in the statement of activities. The Organization has no leases with lease terms over 12 months as of December 31, 2022.

Financial Instruments

Financial accounting standards relating to fair value measurements establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or

PEOPLE LOVING NASHVILLE
Notes to Financial Statements
December 31, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Financial Instruments-continued

liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 2 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – Values are unadjusted quoted prices for identical assets in active markets accessible at the measurement date.

Level 2 – Inputs include quoted prices for similar assets in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument. Such inputs include market interest rates and volatilities, spreads and yield curves.

Level 3 – Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect the Organization's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

Following is a description of the valuation methodologies used for assets measured at fair value on a recurring basis:

Investments – Equity securities and mutual funds are valued at the closing price reported on the active market which they are traded, and are classified within level 1 of the valuation hierarchy.

While the Organization believes its valuation methodologies are appropriate and consistent with that of other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurements at the reporting date.

NOTE 2 – LIQUIDITY AND AVAILABILITY

The Organization has \$433,019 of financial assets available within 1 year of the balance sheet date to meet cash needs for general expenditure consisting of cash of \$336,869, contributions receivable of \$83,015, grant receivable of \$12,000 and third-party receivables of \$1,135. None of these financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date.

PEOPLE LOVING NASHVILLE
Notes to Financial Statements
December 31, 2022

NOTE 2 – LIQUIDITY AND AVAILABILITY-continued

The Organization has a goal to maintain financial assets, which consist of cash on hand to meet 6 months of normal operating expenses. The Organization also has a policy to structure its financial assets to be available as its general expenditures, liabilities, and any other obligations come due.

NOTE 3 – CONCENTRATION OF CREDIT RISK

Amounts held in a financial institution occasionally are in excess of the Federal Deposit Insurance Corporation limit. The organization deposits its cash with a high-quality financial institution, and management believes the organization is not exposed to significant credit risk on those amounts.

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31, 2022:

Coffee equipment	\$ 82,718
Vehicles	28,000
Office equipment	9,960
Computer equipment	<u>4,354</u>
	125,032
Less accumulated depreciation	<u>(19,079)</u>
	<u>\$ 105,953</u>

NOTE 5 – FAIR VALUE MEASUREMENTS

The following table sets forth the Organization's major categories of assets measured at fair value on a recurring basis, by level within the fair value hierarchy, as of December 31, 2022.

	Level 1 <u>Inputs</u>	Level 2 <u>Inputs</u>	Level 3 <u>Inputs</u>	<u>Total</u>
Investments:				
Fixed income	\$ 320,949	\$ -	\$ -	\$ 320,949
Exchange traded funds	187,059			187,059
Equity funds	<u>135,315</u>	<u>-</u>	<u>-</u>	<u>135,315</u>
	<u>\$ 643,323</u>	<u>-</u>	<u>-</u>	<u>\$ 643,323</u>

PEOPLE LOVING NASHVILLE
Notes to Financial Statements
December 31, 2022

NOTE 6 – PEOPLE LOVING NASHVILLE INDUSTRIES, LLC

In March 2022, the Organization formed a nonprofit limited liability company named People Loving Nashville Industries, LLC (the “company”) and subsequently entered an operating agreement with the company as its sole member. As such, the company shall not carry on any activities that are inconsistent with the charter, bylaws, covenants and missions of the Organization. As of December 31, 2022, the company had coffee and merchandise sales of \$8,221.

NOTE 7 – SUBSEQUENT EVENTS

The Organization evaluated subsequent events through June 13, 2023, the issuance of the Organization’s financial statements.