

**PEOPLE LOVING NASHVILLE**  
**FINANCIAL STATEMENTS AND**  
**INDEPENDENT AUDITOR'S REPORT**  
**DECEMBER 31, 2021**

**PEOPLE LOVING NASHVILLE**  
**Financial Statements**  
**DECEMBER 31, 2021**

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## CPA for the Not-For-Profit Sector

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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, 2021, 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, 2021, 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 black ink, appearing to read "Thomson Financial Resource".

June 28, 2022

**PEOPLE LOVING NASHVILLE  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2021**

**ASSETS**

Cash and cash equivalents	\$ 1,031,746
Grant receivable	13,138
Receivable from third parties	615
Property and equipment (net of accumulated depreciation of \$68,861)	84,105
Total assets	<u>\$ 1,129,604</u>

**LIABILITIES AND NET ASSETS**

**Liabilities**

Accounts payable	\$ 21,897
Accrued liabilities	5,865
Total liabilities	<u>27,762</u>

**Net Assets**

Without donor restrictions	1,101,842
Total net assets	<u>1,101,842</u>
Total liabilities and net assets	<u>\$ 1,129,604</u>

The accompanying notes are an integral part of these financial statements

**PEOPLE LOVING NASHVILLE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<b><u>Without Donor Restrictions</u></b>
<b>Revenue</b>	
Public support:	
Contributions	\$ 1,003,847
Grant income	53,977
Interest income	12
Total public support	<u>1,057,836</u>
<b>Expenses</b>	
Program services:	
Street programs	271,817
Wild Indigo Jail Ministry	59,826
Homefullness	104,325
Total program services	<u>435,968</u>
Supporting services:	
Management and general	272,460
Fundraising	16,995
Total supporting services	<u>289,455</u>
Total expenses	<u>725,423</u>
<b>Change in net assets</b>	332,413
Net assets at beginning of year	769,429
<b>Net assets at end of year</b>	<u><u>\$ 1,101,842</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, 2021**

**Cash Flows From Operating Activities:**

Change in net assets	\$ 332,413
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	26,049
Changes in operating assets and liabilities:	
Receivable from third parties	(216)
Grant receivable	(13,138)
Accounts payable	6,977
Accrued liabilities	3,209
Net cash provided by operating activities	<u>355,294</u>

**Cash Flows From Investing Activities**

Purchases of property and equipment	<u>(38,820)</u>
Net cash used in investing activities	<u>(38,820)</u>
 Net change in cash and cash equivalents	 316,474
Cash and cash equivalents at beginning of year	715,272
Cash and cash equivalents at end of year	<u><u>\$ 1,031,746</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, 2021**

	Program Services				Supporting Services			Total Expenses
	Street Programs	Wild Indigo Jail Ministry	Homefulness	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Salaries	\$ 158,700	\$ 39,892	\$ 66,420	\$ 265,012	\$ 145,311	\$ -	\$ 145,311	\$ 410,323
Payroll taxes	12,741	3,194	5,334	21,269	11,654	-	11,654	32,923
Total compensation	171,441	43,086	71,754	286,281	156,965	-	156,965	443,246
Professional fees	1,015	-	319	1,334	22,703	6,515	29,218	30,552
Employer and volunteer support	415	-	42	457	22,828	450	23,278	23,735
Community support	5,799	205	3,387	9,391	220	-	220	9,611
Emergency programs	2,098	2,608	11,988	16,694	-	-	-	16,694
Field supplies	53,679	49	2,152	55,880	136	-	136	56,016
Building occupancy	17,039	786	12	17,837	34,070	-	34,070	51,907
Insurance	-	-	-	-	10,662	-	10,662	10,662
Bank and credit card fees	76	-	27	103	473	8,512	8,985	9,088
Depreciation	13,025	-	13,024	26,049	-	-	-	26,049
Travel and meetings	3,528	445	857	4,830	2,604	54	2,658	7,488
Human resources management	-	-	-	-	3,983	-	3,983	3,983
Newspaper printing and supplies	-	9,295	-	9,295	30	-	30	9,325
Vehicle expenses	3,056	-	141	3,197	7,332	-	7,332	10,529
Mobile phone charges	-	-	-	-	6,419	-	6,419	6,419
Miscellaneous	646	3,352	622	4,620	4,035	1,464	5,499	10,119
Total expenses by function	\$ 271,817	\$ 59,826	\$ 104,325	\$ 435,968	\$ 272,460	\$ 16,995	\$ 289,455	\$ 725,423
Current year's percentages	37.47%	8.25%	14.38%	60.10%	37.56%	2.34%	39.90%	100.00%

The accompanying notes are an integral part of these financial statements



**PEOPLE LOVING NASHVILLE**  
**Notes to Financial Statements**  
**December 31, 2021**

**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, 2021**

**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.

**Contributions**

Contributions are recognized when received. All contributions are reported as increases in net assets without donor restrictions unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions.

**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 both leasehold improvements, and 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.



**PEOPLE LOVING NASHVILLE**  
**Notes to Financial Statements**  
**December 31, 2021**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

**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.

**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.

**PEOPLE LOVING NASHVILLE**  
**Notes to Financial Statements**  
**December 31, 2021**

**NOTE 2 – LIQUIDITY AND AVAILABILITY**

The Organization has \$1,045,499 of financial assets available within 1 year of the balance sheet date to meet cash needs for general expenditure consisting of cash of \$1,031,746, grant receivable of \$13,138 and third-party receivables of \$615. 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.

The Organization has a goal to maintain financial assets, which consist of cash on hand to meet one year 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, 2021:

Leasehold improvements	\$ 112,296
Vehicles	28,000
Office equipment	8,316
Computer equipment	<u>4,354</u>
	152,966
Less accumulated depreciation	<u>( 68,861)</u>
	<u>\$ 84,105</u>

**PEOPLE LOVING NASHVILLE**  
**Notes to Financial Statements**  
**December 31, 2021**

**NOTE 5 – OTHER RISKS AND UNCERTAINTIES**

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Organization’s financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Organization cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time. If the pandemic continues, it may have an adverse effect on the Organization’s results of future operations, financial position, and liquidity in fiscal year 2022.

**NOTE 6 – SUBSEQUENT EVENTS**

The Organization evaluated subsequent events through June 28, 2022, the issuance of the Organization’s financial statements.