

Pineville Neighbors Place

Financial Statements

December 31, 2022

Pineville Neighbors Place
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Pineville Neighbors Place
Pineville, North Carolina

Opinion

We have audited the accompanying financial statements of Pineville Neighbors Place (the "Organization" - a nonprofit organization), which comprise the statement of financial position - modified cash basis as of December 31, 2022, and the related statements of activities - modified cash basis, functional expenses - modified cash basis, and cash flows - modified cash basis for the year then ended, and the related notes to financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of Pineville Neighbors Place as of December 31, 2022, and its support, revenue, and expenses and changes in net assets and its cash flows for the year then ended in accordance with the modified cash basis of accounting as described in Note 2.

Basis of Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Pineville Neighbors Place 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.

Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on 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 opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note 2, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the 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.

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 generally accepted auditing standards 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.

Pineville Neighbors Place
Pineville, North Carolina

In performing an audit in accordance with generally accepted auditing standards, 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 those 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 purposes of expressing an opinion on the effectiveness of Pineville Neighbors Place'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 Pineville Neighbors Place'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.

Report on Summarized Comparative Information

We have previously audited the Organization's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 7, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Foard & Company, P.A.

March 17, 2023

Pineville Neighbors Place
Statement of Financial Position - Modified Cash Basis
December 31, 2022, with prior year comparative totals

	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>		
Cash	\$ 206,715	\$ 168,073
Sales tax receivable	2,350	2,288
Investments	207,485	75,317
<i>TOTAL</i>	<i>\$ 416,550</i>	<i>\$ 245,678</i>

LIABILITIES AND NET ASSETS

Liabilities	\$ -	\$ -
Net Assets:		
Without Donor Restrictions:		
Undesignated	294,550	217,459
<i>Total Net Assets Without Donor Restrictions</i>	<i>294,550</i>	<i>217,459</i>
With donor restrictions	122,000	28,219
<i>Total Net Assets</i>	<i>416,550</i>	<i>245,678</i>
<i>TOTAL</i>	<i>\$ 416,550</i>	<i>\$ 245,678</i>

Pineville Neighbors Place**Statement of Activities - Modified Cash Basis****Year Ended December 31, 2022, with prior year comparative totals**

	December 31, 2022			Prior Year Comparative Totals
	Without Donor Restrictions	With Donor Restrictions	TOTALS	
<u>SUPPORT AND REVENUE</u>				
Contributions and grants	\$ 144,618	\$ 381,000	\$ 525,618	\$ 242,474
Special events, net of direct benefit to donors of \$2,894	44,578	-	44,578	-
Investment income	2,179	-	2,179	357
Net assets released from restriction by payment	287,219	(287,219)	-	-
<i>TOTAL</i>	<i>478,594</i>	<i>93,781</i>	<i>572,375</i>	<i>242,831</i>
<u>EXPENSES</u>				
Program services	368,155	-	368,155	161,931
Management and general	27,482	-	27,482	28,546
Fundraising	5,866	-	5,866	7,097
<i>TOTAL</i>	<i>401,503</i>	<i>-</i>	<i>401,503</i>	<i>197,574</i>
<i>SUPPORT AND REVENUE OVER EXPENSES</i>	<i>77,091</i>	<i>93,781</i>	<i>170,872</i>	<i>45,257</i>
<i>NET ASSETS, BEGINNING</i>	<i>217,459</i>	<i>28,219</i>	<i>245,678</i>	<i>200,421</i>
<i>NET ASSETS, ENDING</i>	<i>\$ 294,550</i>	<i>\$ 122,000</i>	<i>\$ 416,550</i>	<i>\$ 245,678</i>

Pineville Neighbors Place**Statement of Functional Expenses - Modified Cash Basis****Year Ended December 31, 2022, with prior year comparative totals**

	December 31, 2022				Prior Year Comparative Totals
	Program Services	Management and General	Fundraising	TOTALS	
<u>EXPENSES</u>					
Salaries and wages	\$ 41,930	\$ 9,634	\$ 2,900	\$ 54,464	\$ -
Payroll taxes	3,716	854	257	4,827	-
Client assistance	295,043	-	-	295,043	124,963
Community support and outreach events	5,857	-	-	5,857	7,148
Occupancy	19,050	4,377	1,318	24,745	22,559
Office supplies	-	2,208	-	2,208	3,059
Professional services	-	5,513	-	5,513	27,316
Special events	-	-	3,936	3,936	5,315
Technology and communications	1,051	3,884	313	5,248	3,997
Travel	993	-	-	993	1,958
Advertising	-	444	-	444	299
Insurance	515	225	36	776	475
Bank and service fees	-	343	-	343	485
<i>TOTAL EXPENSES</i>	<i>368,155</i>	<i>27,482</i>	<i>8,760</i>	<i>404,397</i>	<i>197,574</i>
Less - Amounts deducted directly against revenue	-	-	2,894	2,894	-
<i>NET EXPENSES</i>	<i>\$ 368,155</i>	<i>\$ 27,482</i>	<i>\$ 5,866</i>	<i>\$ 401,503</i>	<i>\$ 197,574</i>

Pineville Neighbors Place**Statement of Cash Flows - Modified Cash Basis****Year Ended December 31, 2022, with prior year comparative totals**

	<u>2022</u>	<u>2021</u>
<u>OPERATING ACTIVITIES</u>		
Support and revenue over expenses	\$ 170,872	\$ 45,257
Adjustments to reconcile change in net assets to cash flows from operating activities:		
Unrealized gain on investments	(2,168)	(317)
Decrease (increase) in operating assets:		
Sales tax receivable	(62)	1,692
<i>Cash Flows from Operating Activities</i>	<u>168,642</u>	<u>46,632</u>
<u>INVESTING ACTIVITIES</u>		
Sale of investments	-	75,186
Purchase of investments	(130,000)	(75,000)
<i>Cash Flows from Investing Activities</i>	<u>(130,000)</u>	<u>186</u>
<i>CHANGE IN CASH</i>	<u>38,642</u>	<u>46,818</u>
<i>CASH, BEGINNING</i>	<u>168,073</u>	<u>121,255</u>
<i>CASH, ENDING</i>	<u>\$ 206,715</u>	<u>\$ 168,073</u>

Pineville Neighbors Place
Notes to Financial Statements
December 31, 2022

NOTE 1 – ORGANIZATION AND NATURE OF OPERATIONS

Pineville Neighbors Place (the Organization) is a North Carolina nonprofit organization incorporated in 2016. The Organization's mission is to connect its neighbors to available services, empower these neighbors to make life sustaining changes, and unify the churches of Pineville. The Organization's primary sources of funding are contributions and grants from individuals, churches, businesses, foundations, and governmental entities, and special events revenue.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the modified cash basis of accounting, which is a special purpose framework other than U.S. generally accepted accounting principles. Pursuant to the cash basis of accounting, revenue and the related assets are recognized when received rather than when earned, and expenses are recognized when paid rather than when the obligation is incurred. In addition, all other amounts received are recorded as cash receipts and all other amounts expended are recorded as cash disbursements. The Organization has elected to adopt the following modifications to the cash basis of accounting:

- The payment and refund of sales tax are shown as changes in an asset rather than as receipts and disbursements. The balance at year-end is expected to be collected in full in the following year.
- Purchases and disposals of investments are shown as increases and decreases in an asset account rather than as receipts and disbursements.

The significant differences between the basis of accounting employed by the Organization and generally accepted accounting principles, in addition to the timing of the recognition of revenue and expenses, are as follows:

- No amounts have been reflected in the financial statements for donated goods or services.
- No right of use asset or lease liability has been recorded related to the Organization's operating lease.

Basis of Presentation

The Organization is required to report information regarding its financial position and activities according to two classes of net assets:

Net assets without donor restrictions – Net assets without donor restrictions are not subject to any donor-imposed stipulations. Net assets without donor restrictions can be designated by the Organization's Board of Directors for certain purposes. However, these funds have not been restricted by donors. During the year, the Organization had no designated net assets.

Net assets with donor restrictions – Net assets with donor restrictions are subject to donor-imposed stipulations. These restrictions may be temporary in nature, with the restriction being met either by the actions of the Organization or the passage of time, or permanent, such that the net assets must be held in perpetuity by the Organization. During the year, the Organization had no net assets required to be held in perpetuity.

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Income Tax Status

The Organization is a nonprofit organization and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. It is not a private foundation as defined by Section 509(a) of the Internal Revenue Code.

Use of Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Functional Allocation of Expenses

The Organization's activities are focused in three functional areas. Program services represent the primary focus of the Organization's activities. Management and general activities and fundraising activities represent supporting services. All expenses are directly allocated to the function to which they pertain, except as follows. Occupancy, and technology and communications expenses are allocated to the functions based on an estimate of how much of the volunteers' time is spent on each function.

Prior-Year Comparative Totals

The financial statements include certain prior-year summarized information in total, but not by net asset class or functional expense category. Such information does not include sufficient detail to constitute a presentation in conformity with US GAAP. Accordingly, such information should be read in conjunction with the Organization's 2021 financial statements, from which the summarized information was derived. Certain prior-year amounts have been reclassified to conform to the current year presentation.

NOTE 3 – INVESTMENTS

Investments are carried at fair value and, at year-end, are invested entirely in The United Methodist Foundation of Western North Carolina, Inc.'s Development Fund.

NOTE 4 - FAIR VALUE MEASUREMENTS

The fair value reporting of financial instruments is to be determined based on the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. It establishes a three-level valuation hierarchy based upon observable and unobservable inputs, as follows:

Level 1 - Fair value is based on quoted prices in active markets for identical assets or liabilities.

Level 2 - Fair value is based on observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

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Level 3 - Fair value is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The Organization's investments held by The United Methodist Foundation of Western North Carolina, Inc. (the Foundation) in its Development Fund are considered Level 3 as defined above and consist of assets held by the Foundation in its Loan Program for loans to various United Methodist churches valued by the Foundation at cost, which approximates fair value.

The following table sets forth a summary of changes in the fair value of the Organization's level 3 assets for the year:

Balance, beginning of year	\$ 75,317
Purchases	130,000
Unrealized gains	<u>2,168</u>
Balance, end of year	<u>\$ 207,485</u>

NOTE 5 – NET ASSETS

Net assets with donor restrictions available at year-end are to be used for the following purposes:

Shop with a Cop/Sheriff	\$ 25,645
Food bank	9,342
Mecklenburg County ARPA	13,027
Town of Pineville ARPA	28,818
United Way ARPA	20,738
United Way Phase 39	21,314
Eviction Prevention	1,474
Other (individually less than \$1,000)	<u>1,642</u>
TOTAL	<u>\$ 122,000</u>

NOTE 6 - LEASE COMMITMENTS

The Organization leases office space under a non-cancelable operating lease. The Organization's rental expense related to this lease totaled \$20,800 for the year. Minimum future rental payments under this lease total \$7,000 for 2023.

NOTE 7 – CONCENTRATIONS OF CREDIT RISK

Support and Revenue

The Organization operates in a small geographic area and therefore could be impacted by changes in the local economy. Grants from three grantors comprise 51 percent of total contributions and grants.

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Notes to Financial Statements
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NOTE 8 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization has \$416,550 of financial assets available within one year of the balance sheet date, to meet cash needs for general expenditure consisting of cash of \$206,715, sales tax receivable of \$2,350 which is expected to be collected within a year, and investments of \$75,317. Of this total, \$122,000 of the financial assets are subject to donor restrictions that make them unavailable for general expenditure within one year of the balance sheet date. The Organization structures its financial assets to be available as its general expenditures come due.

NOTE 9 – SUBSEQUENT EVENTS

The Organization has evaluated subsequent events from the date of the statement of financial position through the date of the audit report, which is the date the financial statements were available to be issued. During this period, no material recognizable subsequent events were identified.