

**PETER AND PAUL COMMUNITY SERVICES, INC.  
AND SUBSIDIARY  
(A NONPROFIT ORGANIZATION)**

**CONSOLIDATED FINANCIAL STATEMENTS,  
SUPPLEMENTAL INFORMATION AND  
INDEPENDENT AUDITORS' REPORT  
FOR THE  
YEARS ENDED JUNE 30, 2022 AND 2021**

Peter and Paul Community Services, Inc. and Subsidiary

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## **Independent Auditors' Report**

Board of Directors  
Peter and Paul Community Services, Inc. and Subsidiary  
St. Louis, Missouri

### **Opinion**

We have audited the accompanying consolidated financial statements of Peter & Paul Community Services, Inc. and Subsidiary (a nonprofit organization), which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Peter & Paul Community Services, Inc. and Subsidiary as of June 30, 2022 and 2021, 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.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Peter & Paul Community Services, Inc. and Subsidiary 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 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 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 Peter & Paul Community Services, Inc. and Subsidiary's ability to continue as a going concern within one year after the date that the consolidated 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 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 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 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 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 Peter & Paul Community Services, Inc. and Subsidiary'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 Peter & Paul Community Services, Inc. and Subsidiary'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 Supplemental Information**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statement of financial position of Peter & Paul Community Services, Inc. and Subsidiary on page 21 and the consolidating statement of activities of Peter & Paul Community Services, Inc. and Subsidiary on page 22 are presented for purposes of additional analysis and are 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 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 information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*Schmersahl Treloar & Co.*

St. Louis, Missouri  
November 17, 2022

**CONSOLIDATED  
FINANCIAL STATEMENTS**

Peter and Paul Community Services, Inc. and Subsidiary  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

ASSETS

	June 30,	
	2022	2021
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 1,936,936	\$ 2,037,988
Accounts receivable	575,342	412,049
Prepaid expenses	18,572	26,403
Security, reserve and escrow deposits (NOTE C)	215,103	213,472
Total Current Assets	2,745,953	2,689,912
<b>PROPERTY AND EQUIPMENT</b>		
Land	75,000	75,000
Buildings and improvements	8,973,888	8,951,928
Equipment	386,415	386,415
Furniture and fixtures	88,832	88,832
	9,524,135	9,502,175
Less - accumulated depreciation	2,792,823	2,510,912
Property and Equipment, net	6,731,312	6,991,263
<b>INTANGIBLE ASSETS, NET (NOTE B)</b>	7,324	9,779
<b>TOTAL ASSETS</b>	<b>\$ 9,484,589</b>	<b>\$ 9,690,954</b>

LIABILITIES AND NET ASSETS AND MEMBERS' EQUITY

<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 32,313	\$ 23,667
Current portion of long-term debt (Note F)	25,000	25,000
Accrued payroll and other liabilities	227,966	301,243
Note payable PPP Loan (Note E)	-	68,686
Total Current Liabilities	285,279	418,596
<b>LONG-TERM DEBT (NOTE F)</b>	525,000	550,000
Total Liabilities	810,279	968,596
<b>NET ASSETS AND MEMBERS' EQUITY</b>		
Without donor restrictions		
Available for general use	2,477,189	2,288,111
Net investment in property and equipment	6,188,636	6,426,042
Members' equity (Note K)	( 31,345)	( 32,494)
Total Net Assets Without Donor Restrictions	8,634,480	8,681,659
With donor restrictions		
Purpose restrictions (Note I)	1,364	3,199
Time-restricted for future periods (Note I)	38,466	37,500
Total Net Assets With Donor Restrictions	39,830	40,699
Total Net Assets and Members' Equity	8,674,310	8,722,358
<b>TOTAL LIABILITIES AND NET ASSETS AND MEMBERS' EQUITY</b>	<b>\$ 9,484,589</b>	<b>\$ 9,690,954</b>

See accompanying notes to consolidated financial statements

Peter and Paul Community Services, Inc. and Subsidiary  
CONSOLIDATED STATEMENTS OF ACTIVITIES

	For the Year Ended June 30, 2022		
	Without donor Restrictions	With donor Restrictions	Total
<b>REVENUES AND OTHER SUPPORT</b>			
Donations	\$ 719,698	\$ 321,039	\$ 1,040,737
Foundations	56,315	113,500	169,815
Special events	427,876	-	427,876
Government grants	980,862	-	980,862
Contracted services	1,171,015	-	1,171,015
Client fees	67,285	-	67,285
United Way	-	76,937	76,937
Paycheck Protection Program grant (Note E)	68,686	-	68,686
Other income	42,631	30	42,661
Rental income	166,844	-	166,844
Net assets released from restrictions (Note J)	<u>512,375</u>	<u>( 512,375)</u>	<u>-</u>
Total Revenues and Other Support	<u>4,213,587</u>	<u>( 869)</u>	<u>4,212,718</u>
<b>EXPENSES</b>			
Program Services			
Shelter Services	747,762	-	747,762
Labre Center	727,624	-	727,624
Positive Directions	671,607	-	671,607
Garfield Place Apartments	<u>1,053,281</u>	<u>-</u>	<u>1,053,281</u>
Total Program Services	<u>3,200,274</u>	<u>-</u>	<u>3,200,274</u>
Supporting Services			
Management and general	512,048	-	512,048
Fundraising	<u>548,444</u>	<u>-</u>	<u>548,444</u>
Total Supporting Services	<u>1,060,492</u>	<u>-</u>	<u>1,060,492</u>
Total Expenses	<u>4,260,766</u>	<u>-</u>	<u>4,260,766</u>
Change in Net Assets	( 47,179)	( 869)	( 48,048)
NET ASSETS AND MEMBERS' EQUITY, Beginning of year	<u>8,681,659</u>	<u>40,699</u>	<u>8,722,358</u>
NET ASSETS AND MEMBERS' EQUITY, End of year	<u>\$ 8,634,480</u>	<u>\$ 39,830</u>	<u>\$ 8,674,310</u>

See accompanying notes to consolidated financial statements



For the Year Ended June 30, 2021

Without Donor Restrictions	With Donor Restrictions	Total
\$ 531,498	\$ 378,160	\$ 909,658
96,362	97,700	194,062
83,533	-	83,533
956,421	-	956,421
1,031,028	-	1,031,028
49,253	-	49,253
-	75,000	75,000
670,019	-	670,019
40,943	500	41,443
150,172	-	150,172
<u>513,890</u>	<u>( 513,890)</u>	<u>-</u>
<u>4,123,119</u>	<u>37,470</u>	<u>4,160,589</u>
688,634	-	688,634
673,825	-	673,825
645,256	-	645,256
<u>930,461</u>	<u>-</u>	<u>930,461</u>
<u>2,938,176</u>	<u>-</u>	<u>2,938,176</u>
556,671	-	556,671
<u>428,784</u>	<u>-</u>	<u>428,784</u>
<u>985,455</u>	<u>-</u>	<u>985,455</u>
<u>3,923,631</u>	<u>-</u>	<u>3,923,631</u>
199,488	37,470	236,958
<u>8,482,171</u>	<u>3,229</u>	<u>8,485,400</u>
<u>\$ 8,681,659</u>	<u>\$ 40,699</u>	<u>\$ 8,722,358</u>

Peter and Paul Community Services, Inc. and Subsidiary  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
For the Year Ended June 30, 2022

	Program Services				Total Program Services
	Shelter Services	Labre Center	Positive Directions	Garfield Place Apartments	
Salaries	\$ 509,974	\$ 440,154	\$ 450,769	\$ 474,076	\$ 1,874,973
Health insurance	30,493	44,530	42,425	29,438	146,886
Payroll taxes	41,539	33,337	36,292	33,695	144,863
Amortization and depreciation	710	33,878	9,235	240,543	284,366
Insurance	18,031	16,488	16,228	36,546	87,293
Repairs and maintenance	21,437	39,007	21,056	52,137	133,637
Special events	-	-	-	-	-
Utilities	14,660	20,267	14,452	51,383	100,762
Food	34,229	39,983	16,094	13,745	104,051
Miscellaneous	9,927	11,625	6,955	22,555	51,062
Client services	26,770	22,442	7,599	5,710	62,521
Supplies	17,239	12,067	8,726	10,160	48,192
Professional fees	-	-	-	20,414	20,414
Occupancy	-	-	-	42,380	42,380
Telephone	4,043	5,416	12,032	6,207	27,698
Office expense	2,921	4,203	3,278	7,229	17,631
Arts and soccer	1,865	-	22,463	-	24,328
Waste disposal services	11,955	2,036	840	3,117	17,948
Newsletter	1,493	1,493	1,493	1,493	5,972
Advertising	331	331	331	331	1,324
Interest expense and bank fees	-	-	-	-	-
Postage	-	-	-	-	-
Stipends/travel	145	-	208	528	881
Vehicle expense	-	367	1,131	1,594	3,092
	<u>\$ 747,762</u>	<u>\$ 727,624</u>	<u>\$ 671,607</u>	<u>\$ 1,053,281</u>	<u>\$ 3,200,274</u>

See accompanying notes to consolidated financial statements

Supporting Services			
Management and General	Fund- raising	Total Supporting Services	Total Expenses
\$ 335,083	\$ 284,569	\$ 619,652	\$ 2,494,625
16,894	46,346	63,240	210,126
17,198	27,799	44,997	189,860
-	-	-	284,366
57,942	9,916	67,858	155,151
4,940	-	4,940	138,577
-	125,211	125,211	125,211
6,903	6,902	13,805	114,567
-	-	-	104,051
23,108	10,874	33,982	85,044
-	-	-	62,521
2,989	769	3,758	51,950
29,153	-	29,153	49,567
-	-	-	42,380
6,401	6,566	12,967	40,665
3,498	12,963	16,461	34,092
-	-	-	24,328
-	-	-	17,948
-	5,968	5,968	11,940
-	6,976	6,976	8,300
5,612	-	5,612	5,612
1,821	1,809	3,630	3,630
506	1,776	2,282	3,163
-	-	-	3,092
<u>\$ 512,048</u>	<u>\$ 548,444</u>	<u>\$ 1,060,492</u>	<u>\$ 4,260,766</u>

Peter and Paul Community Services, Inc. and Subsidiary  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
For the Year Ended June 30, 2021

	Program Services				Total Program Services
	Shelter Services	Labre Center	Positive Directions	Garfield Place Apartments	
Salaries	\$ 469,907	\$ 419,028	\$ 438,977	\$ 441,231	\$ 1,769,143
Health insurance	26,964	39,279	35,092	34,649	135,984
Payroll taxes	34,880	30,845	31,328	28,349	125,402
Amortization and depreciation	7,025	34,909	12,230	226,881	281,045
Insurance	17,234	17,715	16,327	36,202	87,478
Repairs and maintenance	18,818	18,830	27,379	58,513	123,540
Special events	-	-	-	-	-
Utilities	11,653	16,754	13,167	52,749	94,323
Food	52,540	40,464	5,240	1,459	99,703
Miscellaneous	4,278	7,723	2,918	10,414	25,333
Client services	6,548	22,121	12,106	1,550	42,325
Supplies	19,231	11,335	9,360	3,860	43,786
Professional fees	-	-	-	-	-
Occupancy	-	-	-	12,108	12,108
Telephone	3,804	4,953	11,541	4,908	25,206
Office expense	450	3,252	378	6,297	10,377
Arts and soccer	530	-	23,671	-	24,201
Waste disposal services	11,333	1,570	840	2,460	16,203
Newsletter	2,018	2,018	2,018	2,018	8,072
Advertising	1,368	1,368	1,368	1,368	5,472
Interest expense and bank fees	-	-	-	-	-
Postage	-	-	-	-	-
Stipends/travel	53	-	1,129	437	1,619
Vehicle expense	-	1,661	187	5,008	6,856
	<u>\$ 688,634</u>	<u>\$ 673,825</u>	<u>\$ 645,256</u>	<u>\$ 930,461</u>	<u>\$ 2,938,176</u>

See accompanying notes to consolidated financial statements

Supporting Services			
Management and General	Fund- raising	Total Supporting Services	Total Expenses
\$ 327,712	\$ 274,503	\$ 602,215	\$ 2,371,358
25,034	42,517	67,551	203,535
12,277	25,044	37,321	162,723
7,519	10,418	17,937	298,982
51,383	9,072	60,455	147,933
13,823	-	13,823	137,363
-	5,037	5,037	5,037
1,878	1,878	3,756	98,079
-	-	-	99,703
23,128	6,533	29,661	54,994
-	-	-	42,325
1,900	1,272	3,172	46,958
51,094	-	51,094	51,094
13,838	13,838	27,676	39,784
9,727	5,818	15,545	40,751
8,873	15,939	24,812	35,189
-	-	-	24,201
-	-	-	16,203
-	8,071	8,071	16,143
-	5,669	5,669	11,141
5,675	-	5,675	5,675
1,238	2,492	3,730	3,730
1,572	683	2,255	3,874
-	-	-	6,856
<u>\$ 556,671</u>	<u>\$ 428,784</u>	<u>\$ 985,455</u>	<u>\$ 3,923,631</u>

Peter and Paul Community Services, Inc. and Subsidiary  
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended June 30,	
	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	(\$ 48,048)	\$ 236,958
Adjustments to reconcile change in net assets to net change in cash from operating activities:		
Depreciation	281,911	296,431
Amortization	2,455	2,551
Forgiveness of debt	( 25,000)	( 25,000)
Paycheck Protection Program grant	( 68,686)	( 237,000)
(Increase) decrease in assets:		
Accounts receivable	( 163,293)	( 21,836)
Prepaid expenses	7,831	( 3,869)
Security, reserve and escrow deposits	( 1,631)	( 8,820)
Increase (decrease) in liabilities:		
Accounts payable	8,646	5,928
Accrued payroll and other liabilities	<u>( 73,277)</u>	<u>9,656</u>
Net Change in Cash from Operating Activities	<u>( 79,092)</u>	<u>254,999</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	<u>( 21,960)</u>	<u>( 129,755)</u>
Net Change in Cash from Investing Activities	<u>( 21,960)</u>	<u>( 129,755)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net proceeds from note payable	<u>-</u>	<u>68,686</u>
Net Change in Cash from Financing Activities	<u>-</u>	<u>68,686</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	( 101,052)	193,930
CASH AND CASH EQUIVALENTS, Beginning of year	<u>2,037,988</u>	<u>1,844,058</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 1,936,936</u>	<u>\$ 2,037,988</u>

See accompanying notes to consolidated financial statements

Peter and Paul Community Services, Inc. and Subsidiary  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
June 30, 2022 and 2021

**A. SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Operations**

Peter and Paul Community Services, Inc. and Subsidiary (the "Organization") is a voluntary health and welfare organization founded in January 1984 to provide various forms of assistance to those who are homeless.

During the year ended June 30, 2022, the Organization housed 292 people, provided 26,833 nights of safe shelter, and served 28,856 meals with the help of 380 volunteers providing 6,678 hours of service. The coronavirus (COVID-19) pandemic that hit the United States in March 2020 significantly decreased each of these figures.

To accomplish its objectives, the Organization operates seven programs:

- The Shelter Services Program provides 60 beds, case management, meals, and showers 365 nights a year to men who are homeless in the St. Louis area. Ninety percent of shelter residents create a housing goal plan and meet with a case manager to work towards locating stable housing in the community.
- The Meals Program (activity included in Shelter Services) welcomes everyone and provides an evening meal 20 days each month to individuals and families who are homeless or living on a low or fixed income. Area businesses, churches, and organizations provide volunteers to shop, prepare, cook, and serve every meal to as many as 200 men, women, and children. The Organization stopped providing this program in November 2021 when Peter & Paul Parish took over the services.
- The Benedict Joseph Labre Center is a 15-bed transitional housing facility licensed by the state of Missouri that serves men and women who are homeless and living with a mental illness. Nursing, occupational therapy, case management, social outings, meals, laundry, and individual and group therapy are provided in a safe, supportive environment to help residents attain stable housing in the community.
- The Positive Directions Program provides transitional housing to men and women who are homeless and living with HIV. Two housing facilities provide 16 beds for up to two years. Nursing, life skills development, sobriety support, case management, transportation, art, meals, and group and individual therapy are provided to help residents attain stable housing in the community.
- Garfield Place Apartments (GPA) provides 25 one-bedroom apartments to men and women who are living with a severe mental illness and are homeless or at risk of becoming homeless. Supportive services are provided including case management, sobriety support, nursing, and social and recreational opportunities.
- The community collabARTive art program (activity included in Positive Directions) offers art groups to residents of the agency's housing programs. Participants work with community artists to create visual, written, and performance art that engages them with the larger community, builds self-esteem and self-awareness, fosters creativity, and develops problem-solving skills.

Peter and Paul Community Services, Inc. and Subsidiary  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
June 30, 2022 and 2021  
(Continued)

A. **SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Nature of Operations** (Continued)

- Sport for Social Change homeless soccer team (activity included in Shelter Services), the St. Louis Roadies, utilizes soccer as a means to address multiple issues that players face off the field including family reunification, employment, debt relief, mental health issues, and locating stable housing in the community.

During 2012, Garfield Place Partners, LP, a subsidiary of Peter & Paul Community Services, Inc. was created to hold the property purchased for the Garfield Place Apartments Program.

**Principles of Consolidation**

The accompanying consolidated financial statements include the accounts of Peter and Paul Community Services, Inc. and Garfield Place Partners, LP. All intercompany accounts and transactions have been eliminated.

**Basis of Presentation**

Financial statement presentation follows the requirements of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205. Therefore, the Organization reports its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

**Cash and Cash Equivalents**

For purposes of the Consolidated Statements of Cash Flows, the Organization considers all unrestricted highly liquid debt instruments purchased with an initial maturity of three months or less to be cash equivalents.

Included in cash and cash equivalents are restricted custodial funds of \$20,993 at June 30, 2021. The corresponding liability was recorded in accrued payroll and other liabilities at June 30, 2021. There were no restricted custodial funds at June 30, 2022.

The Organization maintains cash deposits in bank accounts which at times may exceed the federally insured limits of up to \$250,000 for each account. The Organization has taken steps to ensure all funds remain FDIC-insured by establishing an IntraFi Network Deposits (formerly ICS) account at another bank. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.



Peter and Paul Community Services, Inc. and Subsidiary  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
June 30, 2022 and 2021  
(Continued)

A. **SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Accounts Receivable**

Accounts receivable are carried net of allowance for doubtful accounts. The allowance for doubtful accounts is increased by provisions charged to expense and reduced by uncollected receivables, net of recoveries. The allowance is maintained at a level considered adequate to provide for potential account losses based on management's evaluation of the anticipated impact on the balance of current economic conditions, changes in the character and size of the balance, past and expected future loss experience and other pertinent factors. At June 30, 2022 and 2021, there was no allowance for doubtful accounts for accounts receivable.

**Property and Equipment**

Property and equipment are recorded at cost and depreciated on a straight-line basis over the estimated useful lives of the assets. The estimated useful lives are as follows:

Buildings and Improvements	10 - 25 years
Equipment	3 - 10 years
Vehicles	3 - 5 years

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as increases in support without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

**Revenue Recognition**

The Organization recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measureable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

Peter and Paul Community Services, Inc. and Subsidiary  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
June 30, 2022 and 2021  
(Continued)

A. **SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Revenue Recognition** (Continued)

Public Support and Donations

Public support and donations are recognized when a donor makes a promise to give to the Organization that is, in substance, unconditional. Amounts received that are restricted by the donor for use in future periods or for specific purposes are reported as support with donor restrictions that increases net assets with donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as net assets released from restrictions.

Grant and Contract Revenue

A portion of the Organization's revenue is derived from cost-reimbursable federal, state, and local contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions.

Client Fees

Client fees are recorded as performance obligations are met. Payments received in advance are deferred until earned.

Rental Income

Rental income is recorded as earned when rents become due. Rent payments received in advance are deferred until earned. Rent income is derived from permanent supportive housing to chronically homeless people.

**Net Assets without Donor Restrictions**

Net assets available for use in general operations and not subject to donor or certain grantor restrictions.

**Net Assets with Donor Restrictions**

Net assets subject to donor or certain grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that such assets be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Peter and Paul Community Services, Inc. and Subsidiary  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
June 30, 2022 and 2021  
(Continued)

A. **SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Financial Instruments**

The following methods and assumptions were used by the Organization in estimating its fair value disclosure for financial instruments:

The carrying amounts of cash and cash equivalents, restricted cash, accounts receivable, prepaid expenses, security, reserve and escrow deposits, accounts payable, accrued payroll and other liabilities and notes payable due in less than one-year approximate fair values because of the short-term maturities of these instruments.

**In-Kind Donations**

Donated assets, goods, and services are recorded at fair value on the date of the gift. Donated services are recognized as contributions in accordance with FASB ASC 958-605, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

Unpaid volunteers have made significant contributions of their time and services in assisting the Organization in its daily operations. The value of this contributed time is not reflected in these statements because it does not meet the criteria for recognition.

**Functional Expense Allocation**

The Consolidated Statements of Functional Expenses report certain categories of expenses that are attributable to one or more programs or supporting functions of the Organization. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include amortization and depreciation, utilities, telephone, insurance, occupancy and certain repair and maintenance expenses, which are allocated on an estimated square footage basis; and salaries, health insurance, and payroll taxes, which are allocated on the basis of personnel time and effort; and certain other expenses have been allocated among program services, management and general, and fundraising on the basis of time and effort.

Peter and Paul Community Services, Inc. and Subsidiary  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
June 30, 2022 and 2021  
(Continued)

A. **SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Income Taxes**

Peter & Paul Community Services, Inc. qualifies as a nonprofit organization and is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. Peter & Paul Community Services, Inc. does not have unrelated business income, excise taxes, or activities that would threaten the Organization's tax-exempt status. Accordingly, no provision for federal or state income taxes is provided. Peter and Paul files an information return, the IRS Form 990. Fiscal years 2019 and later remain subject to examination, generally three years after the returns were filed. Organization management is not aware of any pending examinations related to tax filings.

Garfield Place Partners LP has elected to be treated as a Limited Liability Partnership (LLP) under the provisions of the Internal Revenue Code. As a result of this election, the earnings of Garfield Place Partners LP are taxable to its members and no provision has been made for Federal or State income taxes in the accompanying consolidated financial statements.

The Organization adopted the provisions relating to Accounting for Uncertainty in Income Taxes, and management is not aware of any uncertain tax positions related to the tax filings.

**Use of Estimates**

The preparation of consolidated financial statements in conformity with accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures.

**Reclassification**

Certain prior year balances were reclassified to conform to the current year presentation. These reclassifications have no effect on previously reported change in net assets.

**Subsequent Events**

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 17, 2022, the date the consolidated financial statements were available to be issued.

Peter and Paul Community Services, Inc. and Subsidiary  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
June 30, 2022 and 2021  
(Continued)

**B. INTANGIBLE ASSETS**

During the fiscal year ended June 30, 2016, the Organization paid for expenses related to the financing of the property for the Garfield Place Apartments program. These costs were capitalized and are being amortized over the estimated life of the asset. There were no additional capitalized costs for the year ended June 30, 2022.

Intangible assets consists of the following at June 30, 2022:

Tax credit costs	\$22,603
Tax abatement costs	<u>2,919</u>
	25,522
Less: accumulated amortization	<u>( 18,198)</u>
Intangible Assets, net	<u>\$ 7,324</u>

**C. SECURITY, RESERVE AND ESCROW DEPOSITS**

The Partnership is required to maintain separate escrow accounts for payment of property taxes and insurance. As of June 30, 2022 and 2021, the balance of tax and insurance escrow deposits was \$7,640 and \$15,767, respectively.

In accordance with the partnership agreement and loan agreements, there are requirements for replacement reserves and operating reserves. At June 30, 2022 the balances in these reserves totaled \$72,638 and \$134,825, respectively. At June 30, 2021 the balances in these reserves totaled \$63,344 and \$134,361, respectively.

**D. LINE OF CREDIT AGREEMENT**

The Organization has a \$250,000 revolving line of credit agreement with a bank that is collateralized by all business assets and real estate and is subject to annual renewal. The agreement expires December 17, 2022. Interest is payable at prime rate (4.75% at June 30, 2022) plus one-half percent. The Organization had no borrowings under this agreement during fiscal years ended June 30, 2022 and 2021.

Peter and Paul Community Services, Inc. and Subsidiary  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
June 30, 2022 and 2021  
(Continued)

**E. NOTE PAYABLE PPP LOAN**

On December 27, 2020, the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act (Economic Aid Act) became law. The Economic Aid Act provides the opportunity to obtain a forgivable “second draw” PPP loan.

This application was approved, and the Organization was granted a second draw loan in the amount of \$501,705 on February 5, 2021. Under certain circumstances all or part of the loan may be forgiven and converted to income. During the year end June 30, 2021, the Organization converted \$433,019 to grant income. At June 30, 2021 \$68,686 remained as a liability due to uncertainties surrounding the forgiveness application process.

On January 20, 2022, the Organization received notification from PNC Bank, National Association the loan was forgiven in full. The remaining \$68,686 was converted to grant income and is reflected on the statement of activities for the year ended June 30, 2022.

**F. LONG-TERM DEBT**

Long-term debt consists of the following at June 30:

	<u>2022</u>	<u>2021</u>
Note payable – MHDC, variable monthly installments based on surplus cash flow, 0% interest rate with total principal balance not to exceed \$300,000; due November 2034.	\$300,000	\$300,000
Note payable – St. Louis Mental Health Board, yearly payments of \$25,000 and accrued interest at 4.00 % will be forgiven commencing in November 2014 and ending in November 2023.	50,000	75,000
Note payable – Affordable Housing Commission, non-interest bearing, nonrecourse and non-amortizing and matures in November 2043. (Note H)	200,000	200,000
	550,000	575,000
Less: current maturities	25,000	25,000
Total Long-Term Debt	\$525,000	\$550,000

Peter and Paul Community Services, Inc. and Subsidiary  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
June 30, 2022 and 2021  
(Continued)

F. **LONG-TERM DEBT** (Continued)

Scheduled maturities on all long-term debt as of June 30, 2022 are as follows:

<u>Year Ending</u>	<u>Amount</u>
2023	\$ 25,000
2024	25,000
Thereafter	<u>500,000</u>
Total	<u>\$550,000</u>

G. **OPERATING LEASES**

The Organization leases office equipment under three operating leases that expire at various dates from March 2025 through June 2027.

The future minimum lease payments required under these noncancellable leases are as follows:

<u>Fiscal Years Ending</u> <u>June 30,</u>	
2023	\$17,112
2024	17,112
2025	8,001
2026	1,080
2027	<u>990</u>
Total	<u>\$44,295</u>

Total rent expense under these operating leases was \$16,122 and \$16,032 during the years ended June 30, 2022 and 2021, respectively.

Peter and Paul Community Services, Inc. and Subsidiary  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
June 30, 2022 and 2021  
(Continued)

**H. LIMITATIONS ON USE OF BUILDINGS**

During fiscal year 2006, the Organization purchased the Keokuk facility for \$150,000. The Organization received a grant from the Affordable Housing Commission for \$75,000 towards the purchase of the facility. The grant requires the facility be used for transitional housing purposes for City residents earning 20% of the Area Median Income for a period of 30 years. If the facility is used for a different purpose the Organization is required to repay a sliding scale portion of the grant. The grant repayment provision is forgiven pro rata over the 30-year period. The Organization has and continues to comply with these limitations.

During fiscal year 2015, the Organization placed into service the Garfield Place Apartments program facility. The Organization received the proceeds from a loan, dated November 8, 2013, from the Affordable Housing Commission for \$200,000 towards the purchase and rehabilitation of the facility. The loan requires the facility be used as rental property for 25 units to low and moderate-income households earning incomes at or below 50% of AMI for a period of 30 years. If the facility is used for a different purpose the entire outstanding loan amount shall mature and be immediately due and payable in full, otherwise it is due the thirtieth anniversary of the date of the loan.

**I. NET ASSETS WITH DONOR RESTRICTION**

Net assets with donor restrictions are restricted for the following purposes or periods:

	2022	2021
Subject to expenditure for specific purpose:		
St. Louis Roadies	\$ 1,364	\$ 3,199
Subject to passage of time:		
United Way	38,466	37,500
Total Net Assets with Donor Restrictions	\$39,830	\$40,699

Net assets with donor restrictions are reclassified to net assets without donor restrictions when the funds are utilized for the restricted purpose or time has elapsed.



Peter and Paul Community Services, Inc. and Subsidiary  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
June 30, 2022 and 2021  
(Continued)

**J. NET ASSETS RELEASED FROM DONOR RESTRICTION**

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by donors as follows for the years ended June 30:

	2022	2021
Purpose restrictions accomplished		
Labre Center	\$144,692	\$148,620
Positive Directions	190,588	183,117
Shelter Services	82,572	132,595
St. Louis Roadies	1,865	530
Garfield	16,687	11,528
Time restrictions expired		
United Way	75,971	37,500
Total Net Assets Released from Restrictions	\$512,375	\$513,890

**K. MEMBERS' EQUITY**

Members' equity reflects accumulated earnings and the amounts contributed to Garfield Place Partners, LP by the general partner and the two limited partners. Members' equity is included in net assets without donor restrictions on the consolidated statements of financial position.

**L. CONTINGENCIES**

The Organization, from time to time, receives information regarding potential claims against the Organization, including from clients and/or client families. Management has represented that its insurance company is responsible for handling any and all such claims and believes the insurance coverage is adequate to protect the Organization in the event of a successful claim. An estimate of possible damages, if any, which the Organization would be liable for, cannot be made at this time, however management believes any such liability would be immaterial in amount.

**M. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments. The Organization receives revenue from donations, government grants, contract services and rental income, with and without donor restrictions, and considers all of these to be major and central to its annual operation and to be available to meet cash needs for general expenditures. The Organization maintains financial assets, consisting of cash and accounts receivable, on hand to meet its normal operating expenses based on its annual budget. Operating expenses are compared to budgeted expenses on a monthly basis and financial assets on hand are adjusted as necessary.

Peter and Paul Community Services, Inc. and Subsidiary  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
June 30, 2022 and 2021  
(Continued)

**M. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS** (Continued)

The Organization's financial assets available within one year of the Consolidated Statements of Financial Position date for general expenditures are as follows:

	2022	2021
Cash and cash equivalents	\$ 1,936,936	\$ 2,037,988
Accounts receivable	575,342	412,049
Total financial assets	2,512,278	2,450,037
Less amounts not available to be used within one year:		
Donor restricted for Purpose	1,364	3,199
Total financial assets not available to be used within one year	1,364	3,199
Financial assets available to meet cash needs for general expenditures within one year	\$ 2,510,914	\$ 2,446,838

**N. SUBSEQUENT EVENTS**

Effective August 1, 2022 the Organization entered into an agreement with the City of St. Louis to run the Biddle Housing Opportunities Center (BHOC). The BHOC is a 24-hour facility that provides emergency overnight shelter for up to 101 homeless men. Protective oversight, food, showers, laundry facilities, a computer lab, lockers, telephone, and other supportive services are offered. The primary goal of BHOC is to move people from homelessness to permanent housing.

**SUPPLEMENTAL  
INFORMATION**

Peter and Paul Community Services, Inc. and Subsidiary  
**CONSOLIDATING STATEMENT OF FINANCIAL POSITION OF**  
**PETER AND PAUL COMMUNITY SERVICES, INC. AND SUBSIDIARY**  
For the Year Ended June 30, 2022

ASSETS				
	Peter & Paul Community Services, Inc.	Garfield Place Partners, LP	Eliminations	Consolidated
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 1,878,794	\$ 58,142	\$ -	\$ 1,936,936
Investments	220,698	-	( 220,698)	-
Accounts receivable	552,966	22,376	-	575,342
Prepaid expenses	6,192	12,380	-	18,572
Security, reserve and escrow deposits (Note C)	-	215,103	-	215,103
	<u>2,658,650</u>	<u>308,001</u>	<u>( 220,698)</u>	<u>2,745,953</u>
<b>TOTAL CURRENT ASSETS</b>				
DUE FROM SUBSIDIARY	45,548	-	( 45,548)	-
NOTES RECEIVABLE - SUBSIDIARY	1,520,000	-	( 1,520,000)	-
<b>PROPERTY AND EQUIPMENT</b>				
Land	-	75,000	-	75,000
Buildings and improvements	2,787,242	6,186,646	-	8,973,888
Equipment	225,052	161,363	-	386,415
Furniture and fixtures	88,832	-	-	88,832
	<u>3,101,126</u>	<u>6,423,009</u>	<u>-</u>	<u>9,524,135</u>
Less - accumulated depreciation	1,486,296	1,306,527	-	2,792,823
Property and Equipment, net	<u>1,614,830</u>	<u>5,116,482</u>	<u>-</u>	<u>6,731,312</u>
INTANGIBLE ASSETS, NET (NOTE B)	-	7,324	-	7,324
<b>TOTAL ASSETS</b>	<u>\$ 5,839,028</u>	<u>\$ 5,431,807</u>	<u>(\$ 1,786,246)</u>	<u>\$ 9,484,589</u>
<b>LIABILITIES AND NET ASSETS AND MEMBERS' EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	\$ 26,302	\$ 6,011	\$ -	\$ 32,313
Current portion of long-term debt (Note F)	25,000	-	-	25,000
Accrued payroll and other liabilities	160,877	67,089	-	227,966
Note payable PPP Loan (Note E)	-	-	-	-
	<u>212,179</u>	<u>73,100</u>	<u>-</u>	<u>285,279</u>
<b>TOTAL CURRENT LIABILITIES</b>				
LONG-TERM DEBT (NOTE F)	25,000	500,000	-	525,000
NOTE PAYABLE - PARENT	-	1,520,000	( 1,520,000)	-
DUE TO PARENT	-	45,548	( 45,548)	-
	<u>237,179</u>	<u>2,138,648</u>	<u>( 1,565,548)</u>	<u>810,279</u>
<b>TOTAL LIABILITIES</b>				
<b>NET ASSETS AND MEMBERS' EQUITY</b>				
<b>Without donor restrictions</b>				
Available for general use	2,477,189	-	-	2,477,189
Net investment in property and equipment	3,084,830	3,103,806	-	6,188,636
Members' equity (Note K)	-	189,353	( 220,698)	( 31,345)
	<u>5,562,019</u>	<u>3,293,159</u>	<u>( 220,698)</u>	<u>8,634,480</u>
<b>TOTAL NET ASSETS WITHOUT DONOR RESTRICTIONS</b>				
<b>With donor restrictions</b>				
Purpose restrictions (Note I)	1,364	-	-	1,364
Time-restricted for future periods (Note I)	38,466	-	-	38,466
	<u>39,830</u>	<u>-</u>	<u>-</u>	<u>39,830</u>
<b>TOTAL NET ASSETS WITH DONOR RESTRICTIONS</b>				
<b>TOTAL NET ASSETS AND MEMBERS' EQUITY</b>	<u>5,601,849</u>	<u>3,293,159</u>	<u>( 220,698)</u>	<u>8,674,310</u>
<b>TOTAL LIABILITIES AND NET ASSETS AND MEMBERS' EQUITY</b>	<u>\$ 5,839,028</u>	<u>\$ 5,431,807</u>	<u>(\$ 1,786,246)</u>	<u>\$ 9,484,589</u>

See accompanying notes to consolidated financial statements

Peter and Paul Community Services, Inc. and Subsidiary  
CONSOLIDATING STATEMENT OF ACTIVITIES OF  
PETER AND PAUL COMMUNITY SERVICES, INC. AND SUBSIDIARY  
For the Year Ended June 30, 2022

	Peter & Paul Community Services, Inc.	Garfield Place Partners, LP	Eliminations	Consolidated
<b>REVENUES AND OTHER SUPPORT</b>				
Donations	\$ 1,040,737	\$ -	\$ -	\$ 1,040,737
Foundations	169,815	-	-	169,815
Special events	427,876	-	-	427,876
Government grants	980,862	-	-	980,862
Contracted services	1,171,015	-	-	1,171,015
Client fees	67,285	-	-	67,285
United Way	76,937	-	-	76,937
Paycheck Protection Program grant (Note E)	68,686	-	-	68,686
Other income	40,511	2,150	-	42,661
Rental income	-	166,844	-	166,844
	<u>4,043,724</u>	<u>168,994</u>	<u>-</u>	<u>4,212,718</u>
Total Revenues and Other Support				
<b>EXPENSES</b>				
Program Services				
Shelter Services	747,762	-	-	747,762
Labre Center	727,624	-	-	727,624
Positive Directions	671,607	-	-	671,607
Garfield Place Apartments	712,157	341,124	-	1,053,281
	<u>2,859,150</u>	<u>341,124</u>	<u>-</u>	<u>3,200,274</u>
Total Program Services				
Supporting Services				
Management and general	512,048	-	-	512,048
Fundraising	548,444	-	-	548,444
	<u>1,060,492</u>	<u>-</u>	<u>-</u>	<u>1,060,492</u>
Total Supporting Services				
Total Expenses	<u>3,919,642</u>	<u>341,124</u>	<u>-</u>	<u>4,260,766</u>
Change in Net Assets	124,082	( 172,130)	-	( 48,048)
NET ASSETS AND MEMBERS' EQUITY, Beginning of year	<u>5,477,767</u>	<u>3,465,289</u>	<u>( 220,698)</u>	<u>8,722,358</u>
NET ASSETS AND MEMBERS' EQUITY, End of year	<u>\$ 5,601,849</u>	<u>\$ 3,293,159</u>	<u>(\$ 220,698)</u>	<u>\$ 8,674,310</u>

See accompanying notes to consolidated financial statements