

COMMUNITY WAREHOUSE PROJECT OF CHESTER COUNTY

AUGUST 31, 2022



Woolard, Krajinik, Masciangelo, LLP

CERTIFIED PUBLIC ACCOUNTANTS

COMMUNITY WAREHOUSE PROJECT OF CHESTER COUNTY

AUGUST 31, 2022

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors
Community Warehouse Project of Chester County
West Chester, Pennsylvania 19380

We have reviewed the accompanying financial statements of COMMUNITY WAREHOUSE PROJECT OF CHESTER COUNTY (a non-profit organization), which comprise the statement of assets, liabilities, and net assets—cash basis as of August 31, 2022 and 2021, and the related statements of revenues, expenses, and changes in net assets – cash basis and functional expenses - cash basis for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting as described in Note 1; this includes determining that the 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.

Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with the cash basis of accounting. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with the cash basis of accounting as described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Woolard, Krzycki, Marciniak, LLP
Exton, Pennsylvania
November 16, 2022

COMMUNITY WAREHOUSE PROJECT OF CHESTER COUNTY
 STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS - CASH BASIS
 AUGUST 31, 2022 AND 2021

3.

| | <u>2022</u> | <u>2021</u> |
|---------------------------------------|----------------------------|-----------------------|
| ASSETS | | |
| Current assets: | | |
| Cash | \$ 92,943 | \$ 79,840 |
| Cash - restricted | | 25,000 |
| | <u>92,943</u> | <u>104,840</u> |
| Property and equipment: | | |
| Computer | 1,548 | 1,548 |
| Less : Accumulated depreciation | <u>(775)</u> | <u>(465)</u> |
| | 773 | 1,083 |
| Total assets | \$ <u><u>93,716</u></u> \$ | <u><u>105,923</u></u> |
| LIABILITIES AND NET ASSETS | | |
| Liabilities: | | |
| Net assets: | | |
| Without donor restrictions | 93,716 | 80,923 |
| With donor restrictions | | 25,000 |
| Total net assets | <u>93,716</u> | <u>105,923</u> |
| Total liabilities and net assets | \$ <u><u>93,716</u></u> \$ | <u><u>105,923</u></u> |

See accompanying notes and independent accountants' review report

COMMUNITY WAREHOUSE PROJECT OF CHESTER COUNTY
 STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS -
 CASH BASIS
 YEARS ENDED AUGUST 31, 2022 AND 2021

| | <u>2022</u> | <u>2021</u> |
|--|------------------|------------------|
| Changes in net assets without donor restrictions: | | |
| Revenue: | | |
| Contributions and gifts | \$ 100,299 | \$ 131,113 |
| Grants | 74,617 | 72,165 |
| In-kind facilities donation | 67,082 | 63,880 |
| Net assets released from restriction | <u>128,185</u> | <u>20,000</u> |
| Total revenue: | 370,183 | 287,158 |
| Expenses: | | |
| Program Services | 304,973 | 214,720 |
| Fundraising | 10,305 | 8,029 |
| Management and General Services | <u>42,112</u> | <u>23,569</u> |
| Total expenses | <u>357,390</u> | <u>246,318</u> |
| Increase in net assets without donor restrictions | <u>12,793</u> | <u>40,840</u> |
| Changes in net assets with donor restrictions: | | |
| Grants | 103,185 | 45,000 |
| Net assets released from restriction | <u>(128,185)</u> | <u>(20,000)</u> |
| Increase in net assets with donor restrictions | <u>(25,000)</u> | <u>25,000</u> |
| Net assets without donor restrictions, beginning of year | <u>80,923</u> | <u>40,083</u> |
| Net assets without donor restrictions, end of year | <u>\$ 93,716</u> | <u>\$ 80,923</u> |

COMMUNITY WAREHOUSE PROJECT OF CHESTER COUNTY
 STATEMENT OF FUNCTIONAL EXPENSES - CASH BASIS
 YEAR ENDED AUGUST 31, 2022

5.

| | <u>Program</u> | <u>Management</u> | <u>Fundraising</u> | <u>Totals</u> |
|-------------------------------------|-------------------|-------------------|--------------------|-------------------|
| CAM | \$ 7,467 | \$ | \$ | \$ 7,467 |
| Depreciation | | 310 | | 310 |
| Dumping | 1,636 | | | 1,636 |
| In-kind warehouse rent | 67,082 | | | 67,082 |
| Insurance | | 5,283 | | 5,283 |
| Bedding expense | 8,532 | | | 8,532 |
| Office | | 8,935 | | 8,935 |
| Payroll service | | 1,440 | | 1,440 |
| Payroll taxes | 5,415 | 1,547 | 774 | 7,736 |
| Printing | | 893 | | 893 |
| Professional fees | | 4,491 | | 4,491 |
| Repairs | 424 | | | 424 |
| Salaries | 66,719 | 19,063 | 9,531 | 95,313 |
| Support personnel | 133 | | | 133 |
| Taxes & license | | 150 | | 150 |
| Transportation & client delivery | 147,565 | | | 147,565 |
| Volunteer appreciation | | | | |
| | <u>\$ 304,973</u> | <u>\$ 42,112</u> | <u>\$ 10,305</u> | <u>\$ 357,390</u> |

See accompanying notes and independent accountants' review report

COMMUNITY WAREHOUSE PROJECT OF CHESTER COUNTY
 STATEMENT OF FUNCTIONAL EXPENSES - CASH BASIS
 YEAR ENDED AUGUST 31, 2021

6.

| | <u>Program</u> | <u>Management</u> | <u>Fundraising</u> | <u>Totals</u> |
|-------------------------------------|-------------------|-------------------|--------------------|-------------------|
| CAM | \$ 7,048 | \$ | \$ | \$ 7,048 |
| Depreciation | | 310 | | 310 |
| Dumping | | | | |
| In-kind warehouse rent | 63,880 | | | 63,880 |
| Insurance | | 3,606 | | 3,606 |
| Bedding expense | 14,851 | | | 14,851 |
| Office | | 4,573 | | 4,573 |
| PayPal Fees | | 0 | | 0 |
| Payroll service | | 1,445 | | 1,445 |
| Payroll taxes | 2,523 | 721 | 361 | 3,605 |
| Printing | | 1,097 | | 1,097 |
| Professional fees | | 2,250 | | 2,250 |
| Repairs | 25,350 | | | 25,350 |
| Salaries | 32,958 | 9,417 | 4,708 | 47,083 |
| Support personnel | 1,884 | | 2,860 | 4,744 |
| Taxes & license | | 150 | | 150 |
| Transportation & client delivery | 66,226 | | | 66,226 |
| Volunteer appreciation | | | 100 | 100 |
| | <u>\$ 214,720</u> | <u>\$ 23,569</u> | <u>\$ 8,029</u> | <u>\$ 246,318</u> |

See accompanying notes and independent accountants' review report

COMMUNITY WAREHOUSE PROJECT OF CHESTER COUNTY
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022

1. Summary of significant accounting policies:

Organization:

Community Warehouse Project of Chester County (the "Organization") was incorporated in 2011. The Organization collects and redistributes donated furniture and other household items to individuals and families in need. The Organization provide household goods and furnishings to Chester County families and individuals at no charge to them.

Basis of accounting:

The Organization prepares its financial statements on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis of accounting, revenues are recognized when received rather than when earned and expenses are recognized when paid rather than when incurred.

Cash and cash equivalents:

The Organization considers all short-term investments with an original maturity of three months or less to be cash equivalents.

Revenue recognition:

Contributions, which include unconditional promises to give, are recognized in the period in which they are received or promised. Conditional contributions are recorded when the conditions have been met. Contributions are considered to be unrestricted unless specifically restricted by the donor.

Use of estimates:

The preparation of financial statements in conformity with the cash basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure 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.

COMMUNITY WAREHOUSE PROJECT OF CHESTER COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AUGUST 31, 2022

1. Summary of significant accounting policies (continued):

Income taxes:

Community Warehouse Project of Chester County is a non-profit organization that is exempt from federal income tax, under Section 501(c)(3) of the Internal Revenue Code, and from Pennsylvania income tax. The Organization has no unrelated business income and, as such, there is no provision for income tax included in these financial statements.

Property and equipment:

Furniture and equipment are stated at cost. Property and equipment are capitalized and depreciated if the cost exceeds \$500 and has a useful life longer than a year. Maintenance, repairs and minor renewals are expensed as incurred. When assets are retired or otherwise disposed of, their cost and related accumulated depreciation are removed from the accounts and the resulting gains or losses are included in income. Depreciation is provided by the straight-line over the estimated useful lives of the assets. The estimated useful life of equipment and furniture is 5 years. Depreciation expense was \$310 and \$310 for the years August 31, 2022 and 2021, respectively.

Financial statement presentation:

The Organization prepares its financial statements in accordance with FASB ASC 958-205-45. In accordance with FASB ASC 958-205-45, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: Without donor restrictions and with donor restrictions.

The Organization's activities are recorded in the following functional classifications:

NET ASSETS WITHOUT DONOR RESTRICTIONS: Net assets without donor restrictions account for transactions related to the general operations of the Organization.

NET ASSETS WITH DONOR RESTRICTIONS: For the 2021 year-end, to ensure observation of the limitations and restrictions placed on the use of certain resources by third party donors. The Organization had \$25,000 restricted by the donor for furniture transport, site, technology, cleaning, and PPE enhancements in light of the Coronavirus. In 2022, those restrictions were lifted.

COMMUNITY WAREHOUSE PROJECT OF CHESTER COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AUGUST 31, 2022

1. Summary of significant accounting policies (continued):

Contributions:

In accordance with FASB ASC 958-605-25, contributions received are recorded as increases in net assets without donor restriction or net assets with donor restriction depending on the existence and/or nature of any donor restrictions.

Recognition of donor restrictions:

Donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Donated facility and services:

No amounts have been reflected in the financial statements for donated services. The use of the warehouse space has been donated to the Organization by local business. The fair value of warehouse space are \$67,082 and \$63,880 was recognized in the financial statements for the years ended August 31, 2022 and 2021, respectively. The Organization pays for most services requiring a specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific community programs, budgeting, and funding. The Organization receives more than 1,000 volunteer hours per year.

Functional allocation of expenses:

The costs of providing the various programs and supporting services have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. All expenses are allocated based on the usage of the expense.

Transportation/ client delivery expense:

Transportation/client delivery expense is the charge to the Organization for services provided clients who cannot afford the cost of moving company and/or rental of a moving truck. These costs are comprised of the delivery of furniture to those in need of services of the Organization, the transportation of donations between warehouse locations and the disposal of inventory that is damaged or deemed unusable.

2. Concentrations of credit risks:

Financial instruments that potentially subject the Organization to concentrations of credit risk consist cash. The cash is insured by the Federal Deposit Insurance Corporation up to \$250,000

COMMUNITY WAREHOUSE PROJECT OF CHESTER COUNTY
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 AUGUST 31, 2022

2. Concentrations of credit risks (continued):

per depositor. The Organization had cash in a financial institution that did not exceed the Federal Deposit Insurance Corporation limits during the years ended August 31, 2022 and 2021.

Approximately 26% (\$72,292) of revenues in 2022 were from one donor. Approximately 46% (\$127,177) of revenues in 2022 were from two donors.

Approximately 34% (\$85,115) of revenues in 2021 were from one donor. Approximately 52% (\$130,115) of revenues in 2021 were from two donors.

3. Related party:

The Organization received donations from its board of directors in the amount of \$16,978 and \$13,550 for August 31, 2022 and 2021, respectively.

4. Paycheck protection program:

On April 29, 2020, borrowings from the Paycheck Protection Program (PPP) loan amounted to approximately \$5,797 under Title I of the CARES Act. Funds from the PPP loan may only be used for qualifying expenses. Under the terms of the PPP, certain amounts of the loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. The funds were used for qualifying expenses and included in revenue as of August 31, 2020. The loan was fully forgiven on January 13, 2021.

5. Liquidity and availability of financial assets:

The following reflects the Organization's financial assets as of the statement of assets, liabilities, and net assets dates, reduced by amounts not available for general use because of donor-imposed restrictions within one year of the statement of financial position dates.

| | <u>2022</u> | <u>2021</u> |
|--|-----------------------------|------------------|
| Cash and cash equivalents | \$ 92,943 | \$ 104,840 |
| Less those unavailable for general expenditures within one year, due to: | | |
| Donor restrictions | <u> </u> | <u>25,000</u> |
| Financial assets available to meet cash needs for general expenditures within one year | <u>\$ 92,943</u> | <u>\$ 79,840</u> |

COMMUNITY WAREHOUSE PROJECT OF CHESTER COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AUGUST 31, 2022

6. Subsequent events:

Management has evaluated subsequent events through November 16, 2022, the date on which the financial statements were available to be issued.

The full impact of the coronavirus 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, net assets, liquidity, and future results of operations. Management is actively monitoring the situation. The Organization is not able to estimate the effects of the coronavirus on its results of operations, financial condition, net assets, or liquidity for fiscal year 2022.