

COMMUNITY WAREHOUSE PROJECT OF CHESTER COUNTY

AUGUST 31, 2024

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

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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, 2024 and 2023, 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 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.

We are required to be independent of Community Warehouse Project of Chester County and to meet our other ethical responsibilities, in accordance with the relevant requirements related to our review.

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.

Wolard, Krajnick, Masciarolo LLP
Exton, Pennsylvania
October 25, 2024

COMMUNITY WAREHOUSE PROJECT OF CHESTER COUNTY
STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS - CASH BASIS
AUGUST 31, 2024 AND 2023

3.

	<u>2024</u>	<u>2023</u>
ASSETS		
Current assets:		
Cash	\$ <u>136,331</u>	\$ <u>88,136</u>
	136,331	88,136
Property and equipment:		
Computer		1,548
Less : Accumulated depreciation		<u>(1,085)</u>
		463
Total assets	\$ <u><u>136,331</u></u>	\$ <u><u>88,599</u></u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Net assets:		
Without donor restrictions	136,331	88,599
With donor restrictions		
Total net assets	<u>136,331</u>	<u>88,599</u>
Total liabilities and net assets	\$ <u><u>136,331</u></u>	\$ <u><u>88,599</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, 2024 AND 2023

4.

	<u>2024</u>	<u>2023</u>
Changes in net assets without donor restrictions:		
Revenue and (loss)On disposal of asset:		
Contributions and gifts	\$ 33,274	\$ 103,264
Grants	211,362	19,821
In-Kind donations, facilities and mattress	102,111	109,432
Fundraising	137,000	102,149
Net assets released from restriction	152,650	187,649
(Loss) on disposal of asset	<u>(153)</u>	
Total revenue and (loss) on disposal of asset:	636,244	522,315
Expenses:		
Program Services	470,052	441,524
Fundraising	34,388	26,858
Management and General Services	<u>84,072</u>	<u>59,051</u>
Total expenses	<u>588,512</u>	<u>527,432</u>
Increase (decrease) in net assets without donor restrictions	<u>47,732</u>	<u>(5,117)</u>
Changes in net assets with donor restrictions:		
Grants	152,650	187,649
Net assets released from restriction	<u>(152,650)</u>	<u>(187,649)</u>
Decrease in net assets with donor restrictions		
Net assets without donor restrictions, beginning of year	<u>88,599</u>	<u>93,716</u>
Net assets without donor restrictions, end of year	\$ <u><u>136,331</u></u>	\$ <u><u>88,599</u></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, 2024

5.

	<u>Program & Services</u>	<u>General & Administrative</u>	<u>Fundraising</u>	<u>Totals</u>
Bedding expense	\$ 86,442	\$	\$	\$ 86,442
Client delivery & transportation	177,207			177,207
Housewares and furniture	8,254			8,254
Total Direct Costs of Services	271,903			271,903
Salaries	85,698	24,485	12,243	122,425
Payroll taxes	6,556	1,873	937	9,366
Total Personnel Costs	92,254	26,358	13,179	131,791
In-Kind facility	78,411			78,411
In-Kind mattress	23,700			23,700
Total In-Kind Costs	102,111			102,111
Advertising		732		732
CAM		7,864		7,864
Depreciation		310		310
Fundraising			21,209	21,209
Furniture collection	2,484			2,484
Insurance		6,114		6,114
Miscellaneous	1,000	2,175		3,175
Office		22,076		22,076
Payroll service		1,620		1,620
Printing		2,764		2,764
Professional fees		12,923		12,923
Repairs		1,136		1,136
Support Personnel	300			300
Taxes & License				
Total Other Operating Costs	3,784	57,714	21,209	82,707
Total Functional Expenses	\$ 470,052	\$ 84,072	\$ 34,388	\$ 588,512

See accompanying notes and independent accountants' review report

COMMUNITY WAREHOUSE PROJECT OF CHESTER COUNTY
STATEMENT OF FUNCTIONAL EXPENSES - CASH BASIS
YEAR ENDED AUGUST 31, 2023

6.

	<u>Program & Services</u>	<u>General & Administrative</u>	<u>Fundraising</u>	<u>Totals</u>
Bedding expense	\$ 72,042	\$	\$	\$ 72,042
Client delivery & transportation	162,994			162,994
Housewares and furniture	3,697			3,697
Total Direct Costs of Service	<u>238,733</u>			<u>238,733</u>
Salaries	86,217	24,633	12,317	123,167
Payroll taxes	7,029	2,008	1,004	10,041
Total Personnel Costs	<u>93,246</u>	<u>26,642</u>	<u>13,321</u>	<u>133,208</u>
In-Kind facility	78,622			78,622
In-Kind bedding	30,810			30,810
Total In-Kind Costs	<u>109,432</u>			<u>109,432</u>
CAM		8,126		8,126
Depreciation		310		310
Fundraising			13,537	13,537
Insurance		4,988		4,988
Furniture collection				
Miscellaneous		675		675
Office		7,767		7,767
Payroll service		1,472		1,472
Printing		2,531		2,531
Professional fees		6,200		6,200
Repairs				
Support Personnel	113			113
Taxes & License		340		340
Total Operating Expenses	<u>113</u>	<u>32,409</u>	<u>13,537</u>	<u>46,059</u>
Total Functional Expenses	\$ <u>441,524</u>	\$ <u>59,051</u>	\$ <u>26,858</u>	\$ <u>527,432</u>

See accompanying notes and independent accountants' review report

COMMUNITY WAREHOUSE PROJECT OF CHESTER COUNTY
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2024

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 provides household goods and furnishings to Chester County families and individuals at no charge to them.

The Organization provides its services by responding to "request for services" received from various qualified county and private partner agencies to help individuals and/or families in need. The Organization is not responsible for evaluating the qualifications of the individuals and/or families in need as may be defined by or in accordance with state and/or county standards and requirements. Rather, this is the sole responsibility of the respective partner agency submitting the request for service to the Organization.

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. Conditional contributions are recorded when the conditions have been met and funds released. 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, 2024

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 \$5,000 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, 2024 and 2023, 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 that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.

NET ASSETS WITH DONOR RESTRICTIONS: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds 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. When a restriction expires, 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.

COMMUNITY WAREHOUSE PROJECT OF CHESTER COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AUGUST 31, 2024

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:

There have been no amounts reflected in the financial statements for donated services. 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 received more than 3,400 and 1,500 volunteer hours annually for the years ended August 31, 2024 and 2023, respectively.

The Organization has used donated warehouse space since its inception. The fair market value of warehouse space, as determined by the landlord, of \$78,411 and \$78,622 was recognized in the financial statements for the years ended August 31, 2024 and 2023, respectively. Beginning in 2023, the Organization has used new mattresses and bedding donated from a locally based manufacturer. The estimated fair market value of the donated mattresses and bedding is \$23,700 and \$30,810 for the years ended August 31, 2024 and 2023, respectively.

Number of individuals and families served:

The number of individuals and families in need (collectively herein "Household"), was 546 and 486 for the years ended August 31, 2024 and 2023, respectively. This represents an increase in total Households served of 17%. The increase in total Households served is due to an ever-growing awareness of the Organization's presence and service throughout Chester County, and the number of partner "Household-related" agencies working with the Organization. Within those Households the number of veterans served were 124 and 97 for the years ended August 31, 2024 and 2023, respectively.

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. Payroll expenses are allocated and summarized on a functional basis based upon usage.

COMMUNITY WAREHOUSE PROJECT OF CHESTER COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AUGUST 31, 2024

1. Summary of significant accounting policies (continued):

Client delivery and transportation expense:

Client delivery expense is the charge to the Organization for services provided to clients who cannot afford the cost of a moving company and/or rental of a moving truck to pick up donations designated for them. Transportation expense includes the costs for the collection of donated items, the transfer of donated items between the Organization's two warehouse locations and the disposal of donated items that are damaged or deemed unusable.

Salaries for full-time employees:

The Organization has two full-time salaried employees: an Executive Director and a Program Administrator. The role of the Executive Director is to implement the Organization's mission statement, coordinate with the partnering county agencies and private organizations that evaluate and provide individual and families in need, manage grant applications and negotiate with various grant funding organizations, oversee the management of the warehouse and client service operations, and manage the Organization's fundraising efforts. The role of the Program Administrator is to manage the receipt, temporary warehousing and distribution of inventory, and manage the Organization's extensive team of volunteers.

Advertising:

The Organization's policy is to expense advertising costs as incurred.

2. Concentrations of risks:

Financial instruments that potentially subject the Organization to a concentration of risk consist of cash. Cash is insured by the Federal Deposit Insurance Corporation up to \$250,000 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, 2024 and 2023.

Approximately 28% (\$149,750) of revenues in 2024 were from Chester County. Approximately 34% (\$183,080) of revenues in 2024 were from Chester County and Open Hearth, Inc.

Approximately 26% (\$105,500) of revenues in 2023 were from Chester County. Approximately 42% (\$171,829) of revenues in 2023 were from Chester County and Open Hearth, Inc.

3. Related party:

The Organization received donations in the aggregate from individual board of directors and their respective affiliated organizations in the amount of \$50,750 and \$14,500 for August 31, 2024 and 2023, respectively.

COMMUNITY WAREHOUSE PROJECT OF CHESTER COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AUGUST 31, 2024

4. 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>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 136,331	\$ 88,136
Less those unavailable for general expenditures within one year, due to:		
Donor restrictions	<u> </u>	<u> </u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 136,331</u>	<u>\$ 88,136</u>

5. Line of Credit:

In 2023, the Board approved the Organization an unsecured credit line from its primary financial institution in the amount of \$25,000. Initial rate of the line of credit is 9%. Reset index is Wall Street Journal Prime +2.00%. The purpose is to have Board-approved short term, emergency access to funds in order to satisfy and meet the needs of ongoing operations, and to serve the community in times of catastrophic events, in the event that grant monies and donations are not sufficient to satisfy operational needs at any given time. As of August 31, 2024, and since its approval by the board in 2023, the Organization has not accessed any credit line funds.

6. Subsequent events:

Management has evaluated subsequent events through October 25, 2024, the date on which the financial statements were available to be issued.

7. Reclassification:

Certain prior period amounts have been reclassified to conform with current period presentation.