

CityTeam Ministries

Financial Statements

August 31, 2022
(With Comparative Totals for 2021)



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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
CityTeam Ministries
San Jose, California

Opinion

We have audited the accompanying financial statements of CityTeam Ministries (the "Organization"), which comprise the statement of financial position as of August 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CityTeam Ministries as of August 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 CityTeam Ministries and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about CityTeam Ministries' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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.

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 purpose of expressing an opinion on the effectiveness of CityTeam Ministries' 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 CityTeam Ministries' 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 CityTeam Ministries' 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 4, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Armanino^{LLP}
San Jose, California

February 6, 2023

CityTeam Ministries
Statement of Financial Position
August 31, 2022
(With Comparative Totals for 2021)

	2022	2021
ASSETS		
Current assets		
Cash and cash equivalents	\$ 3,253,372	\$ 4,736,425
Accounts receivable	165,400	111,442
Pledges receivable	50,000	115,500
Inventory	652,180	481,285
Investments	12,220,749	7,928,879
Prepaid expenses	646,743	606,352
Total current assets	16,988,444	13,979,883
Property and equipment, net	38,172,752	30,562,160
Other assets		
Deposits	16,860	16,860
Investments held in trust	1,704,866	1,986,067
Funds committed for long-term purposes	4,962,015	7,811,156
Designated investments for investment in property and equipment	2,641,821	3,001,428
Total other assets	9,325,562	12,815,511
Total assets	\$ 64,486,758	\$ 57,357,554

The accompanying notes are an integral part of these financial statements.

CityTeam Ministries
Statement of Financial Position
August 31, 2022
(With Comparative Totals for 2021)

	2022	2021
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 1,571,281	\$ 623,423
Accrued expenses	503,086	463,772
Deferred revenue	70,485	26,465
Notes payable, current portion	750,000	750,000
Total current liabilities	2,894,852	1,863,660
Long-term liabilities		
Deposits	-	36,000
Notes payable, net of current portion	2,427,947	1,327,947
Trust beneficiaries liability	1,107,013	1,300,387
Total long-term liabilities	3,534,960	2,664,334
Total liabilities	6,429,812	4,527,994
Commitments and contingencies (Note 16)		
Net assets		
Without donor restrictions		
Undesignated	5,906,695	4,205,764
Net investment in property and equipment	34,994,805	29,143,317
Board-designated (Note 13)	12,276,516	14,347,863
Total without donor restrictions	53,178,016	47,696,944
With donor restrictions (Note 12)	4,878,930	5,132,616
Total net assets	58,056,946	52,829,560
Total liabilities and net assets	\$ 64,486,758	\$ 57,357,554

The accompanying notes are an integral part of these financial statements.

CityTeam Ministries
Statement of Activities
For the Year Ended August 31, 2022
(With Comparative Totals for 2021)

	Without Donor Restrictions	With Donor Restrictions	2022 Total	2021 Total
Support and revenue				
Support				
Grants and contributions	\$ 15,081,213	\$ 2,131,498	\$ 17,212,711	\$ 25,060,848
Fundraising events, net of direct expenses of \$71,756 for 2022 and \$13,269 for 2021	909,330	-	909,330	776,310
In-kind contributions	<u>20,333,034</u>	<u>-</u>	<u>20,333,034</u>	<u>14,839,392</u>
Total support	<u>36,323,577</u>	<u>2,131,498</u>	<u>38,455,075</u>	<u>40,676,550</u>
Revenue				
Rental income, net of expenses of \$704,423 for 2022 and \$364,018 for 2021	631,459	-	631,459	466,166
Program revenue	915,899	-	915,899	502,122
Interest and dividend income	61,614	-	61,614	19,671
Other revenue	40,405	-	40,405	130,282
Paycheck Protection Program loan forgiveness	-	-	-	1,575,456
Realized and unrealized losses on investments	(9,766)	-	(9,766)	(6,653)
Losses on disposal of property and equipment	<u>(77,206)</u>	<u>-</u>	<u>(77,206)</u>	<u>(22,678)</u>
Total revenue	<u>1,562,405</u>	<u>-</u>	<u>1,562,405</u>	<u>2,664,366</u>
Total support and revenue	37,885,982	2,131,498	40,017,480	43,340,916
Net assets released from restriction	<u>2,385,184</u>	<u>(2,385,184)</u>	<u>-</u>	<u>-</u>
Total support, revenue and net assets released from restriction	<u>40,271,166</u>	<u>(253,686)</u>	<u>40,017,480</u>	<u>43,340,916</u>
Functional expenses				
Program services	28,914,604	-	28,914,604	22,328,226
Management and general	2,234,134	-	2,234,134	2,627,186
Fundraising	<u>3,641,356</u>	<u>-</u>	<u>3,641,356</u>	<u>3,547,656</u>
Total functional expenses	<u>34,790,094</u>	<u>-</u>	<u>34,790,094</u>	<u>28,503,068</u>
Change in net assets	5,481,072	(253,686)	5,227,386	14,837,848
Net assets, beginning of year	<u>47,696,944</u>	<u>5,132,616</u>	<u>52,829,560</u>	<u>37,991,712</u>
Net assets, end of year	<u>\$ 53,178,016</u>	<u>\$ 4,878,930</u>	<u>\$ 58,056,946</u>	<u>\$ 52,829,560</u>

The accompanying notes are an integral part of these financial statements.

CityTeam Ministries
Statement of Functional Expenses
For the Year Ended August 31, 2022
(With Comparative Totals for 2021)

	Program Services	Management and General	Fundraising	2022 Total	2021 Total
Salaries and staff expenses					
Salaries and wages	\$ 3,896,808	\$ 849,169	\$ 904,964	\$ 5,650,941	\$ 5,758,121
Staff benefits and other expenses	1,193,256	273,007	217,332	1,683,595	1,808,392
Contract services	73,748	264,838	-	338,586	93,460
Total salaries and staff expenses	5,163,812	1,387,014	1,122,296	7,673,122	7,659,973
Donated program materials	19,862,812	-	-	19,862,812	14,028,548
Marketing, advertising and promotion	-	-	2,102,744	2,102,744	2,058,560
Occupancy	1,612,369	511,787	141,959	2,266,115	1,992,921
Depreciation and amortization	795,766	296,789	946	1,093,501	848,634
Program supplies and client services	556,260	-	-	556,260	498,384
Information technology	215,567	85,853	71,212	372,632	419,984
Insurance	261,235	65,544	15,847	342,626	268,666
Legal and professional fees	870	294,053	2,625	297,548	308,449
Office expenses	43,260	60,348	161,399	265,007	183,449
Vehicle expenses	260,432	-	-	260,432	219,622
Bank fees and interest	8,188	195,125	-	203,313	258,436
Donated services	85,142	-	-	85,142	72,787
Fundraising event expenses	-	-	71,756	71,756	13,269
Miscellaneous	32,431	19,776	8,890	61,097	29,692
Conferences, meetings and travel	16,460	22,268	13,438	52,166	18,981
Total	28,914,604	2,938,557	3,713,112	35,566,273	28,880,355
Less: direct fundraising event expenses netted with revenue on statement of activities	-	-	(71,756)	(71,756)	(13,269)
Less: non-operating expenses netted with revenue on statement of activities	-	(704,423)	-	(704,423)	(364,018)
	<u>\$ 28,914,604</u>	<u>\$ 2,234,134</u>	<u>\$ 3,641,356</u>	<u>\$ 34,790,094</u>	<u>\$ 28,503,068</u>
Percentage of total	<u>83.1 %</u>	<u>6.4 %</u>	<u>10.5 %</u>	<u>100.0 %</u>	

The accompanying notes are an integral part of these financial statements.

CityTeam Ministries
Statement of Cash Flows
For the Year Ended August 31, 2022
(With Comparative Totals for 2021)

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
Change in net assets	\$ 5,227,386	\$ 14,837,848
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	1,093,501	848,634
Losses on disposal of property and equipment	77,206	22,678
Donated property and equipment	(129,175)	(105,798)
Capitalized donated professional services	(82,760)	(150,974)
Donated stock	-	(42,746)
Realized and unrealized losses on investments	9,766	6,653
Paycheck Protection Program loan forgiveness	-	(1,575,456)
Non-cash interest on Paycheck Protection Program loan	-	12,318
Donated inventory	(170,895)	(481,285)
Contributions restricted for investment in property and equipment	(1,876,125)	(10,171,813)
Changes in operating assets and liabilities		
Accounts receivable	(53,958)	(40,268)
Pledges receivable	65,500	(115,500)
Prepaid expenses	(40,391)	(118,477)
Investments held in trust	281,201	(252,278)
Accounts payable	125,296	16,752
Accrued expenses	(317,148)	(81,643)
Deferred revenue	44,020	26,465
Deposits	(36,000)	(1,500)
Trust beneficiaries liability	(193,374)	153,646
Net cash provided by operating activities	<u>4,024,050</u>	<u>2,787,256</u>
Cash flows from investing activities		
Proceeds from sale of investments	37,758,783	52,774,998
Purchase of investments	(38,851,671)	(50,373,830)
Purchase of property and equipment	(7,390,340)	(16,300,267)
Net cash used in investing activities	<u>(8,483,228)</u>	<u>(13,899,099)</u>
Cash flows from financing activities		
Proceeds from borrowing on notes payable	1,100,000	2,077,947
Contributions restricted for investment in property and equipment	1,876,125	10,171,813
Net cash provided by financing activities	<u>2,976,125</u>	<u>12,249,760</u>
Net increase (decrease) in cash and cash equivalents	(1,483,053)	1,137,917
Cash and cash equivalents, beginning of year	<u>4,736,425</u>	<u>3,598,508</u>
Cash and cash equivalents, end of year	<u>\$ 3,253,372</u>	<u>\$ 4,736,425</u>

Supplemental disclosure of cash flow information

Cash paid during the year for interest	\$ 34,786	\$ 11,574
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The accompanying notes are an integral part of these financial statements.

CityTeam Ministries
Statement of Cash Flows
For the Year Ended August 31, 2022
(With Comparative Totals for 2021)

	2022	2021
Supplemental schedule of noncash investing and financing activities		
Property and equipment in accounts payable	\$ 822,562	\$ 267,362
Construction in progress in accrued expenses	\$ 356,462	\$ -

The accompanying notes are an integral part of these financial statements.

CityTeam Ministries
Notes to Financial Statements
August 31, 2022
(With Comparative Totals for 2021)

1. NATURE OF OPERATIONS

CityTeam Ministries dba CityTeam (the "Organization") is a Christian non-profit 501(c)(3) organization founded in 1957 with operations in California, Oregon, and Pennsylvania.

CityTeam's mission is to share Christ's unconditional and redemptive love by caring for immediate needs and enabling lasting solutions. For over 60 years, CityTeam has been working to address poverty, hunger, homelessness, and addiction in our community. Today, the face of poverty is changing. Driven by rising costs of living, a growing number of our neighbors are living with food insecurity, and the number of people experiencing homelessness is rapidly expanding.

Through an extended pandemic, and thanks to generous community support, CityTeam has expanded food distribution by providing more hot meals, fresh food and groceries to men, women, children, families, and seniors in need. Together with our communities, CityTeam has adapted programs and services, created new partnerships and collaborations, and expanded outreach efforts to provide food for a larger number of neighborhoods, helping meet the new needs that surfaced due to COVID-19 harsh economic impacts to vulnerable neighbors.

CityTeam is also responding to these growing needs by broadening its programs. The Organization knows the best way to prevent homelessness is to stop it before it takes hold of someone's life. To that end, CityTeam's strategic plan and five-year vision is designed to continue its core food, shelter, and residential programs, while expanding its focus on preventing homelessness. The Organization is moving rapidly to address the changing dynamics of urban poverty and homelessness with new and expanded solutions. In 2021, CityTeam purchased a 50-unit apartment complex to provide transitional housing for women and children fleeing domestic violence, experiencing homelessness, or surviving financial crisis. The goal is to equip, enable and support female head of households from underserved groups below the poverty line, to be able to live and flourish in Silicon Valley by providing access to vocational training, and assistance in overcoming opportunity barriers.

Programs – Caring for Immediate Needs

CityTeam in the Neighborhood – Neighborhood outreach programs that help relieve the challenges that low-income families face to put food on the table and make ends meet.

CityTeam Connect – Helping people connect to the CityTeam community and to critical services men and women need. Every connection – whether providing hot meals, shelter beds, showers, clothing or medical care – is an opportunity to create a relationship that opens the door to lasting solutions.

Programs – Enabling Lasting Solutions

CityTeam @ Work – Providing education, training and certification programs to help people attain living-wage jobs, affordable housing, and budget for financial sustainability.

CityTeam Ministries
Notes to Financial Statements
August 31, 2022
(With Comparative Totals for 2021)

1. NATURE OF OPERATIONS (continued)

CityTeam Renew – Residential care program to give people a new start at life, restored from the grips of homelessness and addiction.

CityTeam Forward – Bridge housing to provide affordable living to help graduates move forward as active members of the community and create a strong foundation for bringing families back together.

CityTeam Turning Point – Bridge housing program designed to help people make a turn and get back on their feet when sudden homelessness happens or when someone becomes at risk of homelessness.

CityTeam Youth Collective – Residential supportive housing program helping to prevent homelessness by providing a loving community for at-risk youth.

CityTeam believes that through these key programs, the Organization will have an even greater reach and deeper impact in the coming years.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting and financial statement presentation

CityTeam prepares its financial statements using the accrual-basis method of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP").

The financial statements report amounts separately by class of net assets:

- *Net assets without donor restrictions* - These net assets include those assets over which the Board of Trustees has discretionary control in carrying out CityTeam operations. Included are an operating fund, assets designated by the Board for specific purposes, and resources invested in property and equipment.
- *Net assets with donor restrictions* - These net assets include those assets that are subject to donor restriction for which the applicable restriction was not met as of the end of the fiscal year.

CityTeam Ministries
Notes to Financial Statements
August 31, 2022
(With Comparative Totals for 2021)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of accounting and financial statement presentation (continued)

Support and revenue is reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on assets and liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor restriction or by law. Expirations of restrictions on net assets (i.e. the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as releases from net assets with donor restrictions and recognized as net assets without donor restrictions. Contributions that are restricted by the donor/grantor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized.

Contributions

Contributions are recognized as income in the statement of activities when cash or ownership of donated assets is transferred to the Organization. Contributions received are recorded as increases in "net assets without donor restrictions" or "net assets with donor restrictions", depending on the existence and/or nature of any donor restrictions. When the time restriction ends or the purpose restriction is accomplished, the amount is shown as a reclassification of restricted net assets to unrestricted net assets and it is also reported on the statement of activities as "net assets released from restriction". In the absence of donor restrictions to the contrary, restrictions on contributions of property or equipment, or on assets restricted for acquiring property or equipment expire when the property or equipment is placed in service.

Pledges are recorded when CityTeam is notified of an unconditional promise to give. All outstanding pledges are reviewed annually and those determined uncollectible are written off.

In-kind contributions

Many of CityTeam's programs are heavily dependent upon the receipt of donated goods and services. Donated goods, including items such as food, clothing and household furnishings, are recorded at their estimated fair value. Contributed services, which require a specialized skill and which CityTeam would have paid for if not donated, such as medical services, are recorded at the estimated fair value. CityTeam also receives donated services that do not require specific expertise but are nonetheless central to its operations. The financial statements do not reflect the value of these other contributed services because they do not meet the recognition criteria required by generally accepted accounting principles. If these activities could be valued in the accompanying financial statements, their inclusion would significantly increase the percent of expenses attributable to direct program services expenses.

CityTeam Ministries
Notes to Financial Statements
August 31, 2022
(With Comparative Totals for 2021)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income allocations - with and without donor restrictions

All gains and losses arising from the sale, collection or other disposition of investments and property and equipment are treated as unrestricted unless restricted by the donor. Ordinary income derived from investments, receivables, and the like, is also treated as unrestricted unless restricted by the donor.

Cash and cash equivalents

For the purposes of the statement of financial position and the statement of cash flows, cash is defined as all monies on hand and in banks, money market funds, and highly liquid investments with original maturity dates of three months or less. Cash excludes cash and cash equivalents temporarily held for reinvestment in CityTeam's investment portfolio.

Investments

Investments are carried at estimated fair market value. Donated securities are recorded at the fair market value on the date of the gift. All unrealized gains and losses are recorded as income for the current year as required by U.S. GAAP.

Fair value of financial instruments

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

A hierarchy has been established to prioritize the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3). Observable inputs are those that market participants would use in pricing the asset based on market data obtained from sources independent of CityTeam. Unobservable inputs reflect CityTeam's assumption about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 - Quoted market prices for identical instruments in active markets.

Level 2 - Quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets in markets that are not active, observable inputs other than quoted prices, inputs derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - Valuation models in which significant inputs are unobservable or where there is little market activity, if any.

CityTeam Ministries
Notes to Financial Statements
August 31, 2022
(With Comparative Totals for 2021)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value of financial instruments (continued)

The carrying amounts of financial instruments, including cash, accounts receivable, pledges receivable, accounts payable and accrued expenses approximate their fair value due to the short-term maturities of these instruments.

Property and equipment

Property and equipment is recorded at cost if purchased or at fair market value if donated. In accordance with generally accepted accounting principles, no allowance has been made for any appreciation or recognition of current fair market value. The capitalization threshold for fixed assets acquired is \$2,500.

Depreciation and amortization of property and equipment is computed using the straight-line method over the following estimated useful lives:

Buildings	25 - 50 years
Building and leasehold improvements	3 - 48 years
Furniture and equipment	2 - 15 years
Vehicles	2 - 10 years

Functional allocation of expenses

Directly identifiable expenses are charged to program and support services. Program services are those related to the purpose for which the Organization exists. Support services are those not directly related to the Organization's purpose but necessary for the conduct of business, such as management and general and fundraising. Indirect functional expenses, such as information technology services, are allocated to program and support services based on headcount or estimated usage.

CityTeam Ministries
Notes to Financial Statements
August 31, 2022
(With Comparative Totals for 2021)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax status

CityTeam is exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code ("IRC") and comparable state laws. In prior fiscal years, CityTeam was exempt as a publicly supported charity. In September 2019, the Internal Revenue Service re-determined CityTeam's exempt status to be a church, which is still a type of public charity. The Organization was previously required to file annual Form 990 information returns. With the re-determination by the IRS, CityTeam is no longer required to file annual Form 990 information returns. In the interest of transparency, management has decided to voluntarily continue to file annual Form 990 information returns. Contributions to CityTeam are tax deductible within the limitations prescribed by the IRC. It is the opinion of management that all income earned relates to the Organization's tax-exempt status and there is no unrelated taxable income. Prior year filings for fiscal years ended August 31, 2021, 2020 and 2019 are still open for IRS examination and, therefore, subject to revision.

Use of estimates

The preparation of these financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of support, revenue and expenses during the reporting period. Actual results could differ from these estimates.

Concentrations of credit risk

Financial instruments that potentially subject CityTeam to concentrations of credit risk consist principally of cash and cash equivalents. CityTeam maintains its cash and cash equivalents in various bank accounts that, at times, may exceed federally insured limits. CityTeam manages deposit concentration risk by placing cash and money market accounts with financial institutions believed to be creditworthy. To date, CityTeam has not experienced losses in any of these accounts.

Change in accounting principle

In September 2020, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2020-07, *Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*. Under this ASU, a not-for-profit entity is required to present contributed nonfinancial assets as a separate line-item in the statement of activities, apart from contributions of cash and other financial assets as well as include enhanced disclosures surrounding the nature and valuation techniques of the contributed nonfinancial assets. The Organization adopted ASU 2020-07 with a date of the initial application of September 1, 2021. The adoption of ASU 2020-07 did not have a significant impact on the Organization's financial position, results of operations, or cash flows.

CityTeam Ministries
Notes to Financial Statements
August 31, 2022
(With Comparative Totals for 2021)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Summarized financial information

The financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements, as of, and for the year ended August 31, 2021, from which the summarized information was derived.

Reclassifications

Certain amounts in the prior-year financial statements have been reclassified to be comparable with the current year presentation. Such reclassifications had no effect on total assets, liabilities, net assets, or changes in net assets from the amounts previously presented.

3. LIQUIDITY AND FUNDS AVAILABLE

As part of CityTeam's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

CityTeam's investment policy is to maintain a moderately conservative but balanced portfolio, with the primary investment objectives being the preservation of purchasing power and the preservation of capital. CityTeam's investment portfolio is structured and maintained with the overall objective of providing the resources and liquidity for the Organization to fund its operations. Investments consist of certificates of deposit, money markets and US Treasury Bonds. CityTeam manages on-going operational and program spending to be in-line with its current operating revenue. However, in the event there is a shortfall of funds, the Board of Trustees has designated an operating reserve fund for \$6,000,000 from which the Organization can draw upon. Any drawdowns from the operating reserve fund are expected to be replenished within a reasonably short period of time.

CityTeam Ministries
Notes to Financial Statements
August 31, 2022
(With Comparative Totals for 2021)

3. LIQUIDITY AND FUNDS AVAILABLE (continued)

The following is a quantitative disclosure of financial assets as of August 31, available to fund general expenditures and obligations for one year:

	2022	2021
Financial assets		
Cash and cash equivalents	\$ 3,253,372	\$ 4,736,425
Accounts receivable	165,400	111,442
Pledges receivable	50,000	115,500
Investments	12,220,749	7,928,879
Investments held in trust - net	597,853	685,680
Funds committed for long-term purposes	4,962,015	7,811,156
Designated investments for investment in property and equipment	2,641,821	3,001,428
	23,891,210	24,390,510
Less: amounts unavailable for general expenditures within one year		
Board designated operating reserve fund	(6,000,000)	(6,000,000)
Board designated for program expansion	(6,276,516)	(8,347,863)
Donor restricted for a specific purpose	(4,828,930)	(5,017,116)
	(17,105,446)	(19,364,979)
	\$ 6,785,764	\$ 5,025,531

In addition, as disclosed in Note 9 and as part of its liquidity management, CityTeam maintains two committed lines of credit of \$4,800,000 and \$250,000 in order to manage predictable short-term cycles in which expenditures exceed revenues.

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4. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash, cash equivalents and investments consisted of the following as of August 31, 2022 and 2021:

	2022	2021
Cash and cash equivalents		
Demand deposits	\$ 2,982,458	\$ 4,465,617
Money market	<u>270,914</u>	<u>270,808</u>
	<u>3,253,372</u>	<u>4,736,425</u>
Investments		
Demand deposits - interest bearing	18,344,763	18,547,314
Certificates of deposit	-	151,403
Treasury notes	1,477,577	-
Other investments	2,245	42,746
Less: funds committed for long-term purposes	(4,962,015)	(7,811,156)
Less: designated investments for investment in property and equipment	<u>(2,641,821)</u>	<u>(3,001,428)</u>
	<u>12,220,749</u>	<u>7,928,879</u>
Assets held for long-term purposes		
Funds committed for long-term purposes	4,962,015	7,811,156
Designated investments for investment in property and equipment	<u>2,641,821</u>	<u>3,001,428</u>
	<u>7,603,836</u>	<u>10,812,584</u>
	<u>\$ 23,077,957</u>	<u>\$ 23,477,888</u>

CityTeam invests in conservative fixed income securities including certificates of deposit, bonds, and Treasury notes. Due to the decline in returns for these investment vehicles to near zero, upon expiration of certificates of deposit and treasury notes, the proceeds have been held in cash and money markets in anticipation of re-investing in a higher interest rate environment.

5. INVENTORY

Inventory consisted of the following as of August 31, 2022 and 2021:

	2022	2021
Clothing	\$ 207,218	\$ 242,324
Food	346,582	153,990
Supplies	<u>98,380</u>	<u>84,971</u>
	<u>\$ 652,180</u>	<u>\$ 481,285</u>

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6. PROPERTY AND EQUIPMENT

Property and equipment, net consisted of the following as of August 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Buildings and improvements	\$ 32,123,462	\$ 27,011,193
Land and improvements	11,154,103	10,852,387
Furniture and equipment	1,697,861	1,460,251
Vehicles	1,352,429	1,173,142
Leasehold improvements	<u>499,250</u>	<u>476,250</u>
	<u>46,827,105</u>	<u>40,973,223</u>
Accumulated depreciation and amortization	<u>(13,021,744)</u>	<u>(12,429,490)</u>
Construction in progress	<u>4,367,391</u>	<u>2,018,427</u>
	<u>\$ 38,172,752</u>	<u>\$ 30,562,160</u>

Depreciation and amortization expense for the years ended August 31, 2022 and 2021 were \$1,093,501 and \$848,634, respectively.

Land and improvements includes \$10,267,601 cost of land that is not depreciable as of August 31, 2022 and 2021.

The leasehold improvements are primarily upgrades to properties located in San Francisco and San Jose, California. These improvements are being amortized over the life of the respective leases plus lease renewal options. Accumulated amortization on the leasehold improvements is \$474,495 and \$444,030 as of August 31, 2022 and 2021, respectively.

In April 2021, the Organization purchased a residential property in San Jose, California a 50-unit residential building for \$14,552,327. The property was purchased for the expansion of CityTeam programs for women and children in crisis.

In August 2022, construction was completed on the San Jose men's facilities and approximately \$2,000,000 in upgrades were placed in service. The renovation project included a complete remodel of the main bathrooms, replacement of flooring, and installation of new HVAC units throughout the facility, including a centralized control system.

In August 2022, the renovation of the Oakland Washington Street facility, a historical building originally constructed in 1882, was nearly completed. The 20,000 square foot, five-floor facility was remodeled including a restored facade, new kitchen, bathrooms, and entry way stairs, as well as new HVAC, water heaters, and electrical system throughout the building. Approximately \$6,500,000 was invested in the renovation as of August 31, 2022. Anticipated final cost will approximate \$6,800,000 with final completion in 2023.

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7. INVESTMENTS HELD IN TRUST

Based upon generally accepted accounting principles, the assets of irrevocable split-interest trusts for which CityTeam is trustee are reported on the financial statements. These assets are reported at their present value, discounted at an average earnings rate over the Trust's term or the grantor's life expectancy. The portion of the trusts attributable to the irrevocable future interest of CityTeam has been recorded in the statement of activities as donor-restricted contributions in the period received or as the value changes.

The balances of the trusts' assets, liabilities and current changes for the year ended August 31, 2022 are:

	<u>Income Beneficiaries and Other Remaindermen</u>	<u>CityTeam Remainder Interest</u>	<u>Total</u>
Fair market value			
As of August 31, 2022	\$ 1,107,013	\$ 597,853	\$ 1,704,866
Present value of remainder interest			
As of August 31, 2021	(500,215)	(685,680)	(1,185,895)
Actuarial adjustment	56,718	87,827	144,545
	<u>(443,497)</u>	<u>(597,853)</u>	<u>(1,041,350)</u>
Liability for the income beneficiary	<u>(663,516)</u>	<u>-</u>	<u>(663,516)</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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7. INVESTMENTS HELD IN TRUST (continued)

The balances of the trusts' assets, liabilities and current changes for the year ended August 31, 2021 are:

	Income Beneficiaries and Other Remaindermen	CityTeam Remainder Interest	Total
Fair market value As of August 31, 2021	<u>\$ 1,300,387</u>	<u>\$ 685,680</u>	<u>\$ 1,986,067</u>
Present value of remainder interest As of August 31, 2020	(417,192)	(587,048)	(1,004,240)
Actuarial adjustment	<u>(83,023)</u>	<u>(98,632)</u>	<u>(181,655)</u>
	<u>(500,215)</u>	<u>(685,680)</u>	<u>(1,185,895)</u>
Liability for the income beneficiary	<u>(800,172)</u>	-	<u>(800,172)</u>
	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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8. FAIR VALUE MEASUREMENTS

The Organization's assets and liabilities, recorded at fair value, have been categorized based upon a fair value hierarchy in accordance with generally accepted accounting principles. The following table sets forth by level, within the fair value hierarchy, the Organization's assets and liabilities at fair value as of August 31, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
Assets				
Brokerage investments				
Demand deposit	\$ 18,344,763	\$ -	\$ -	\$ 18,344,763
Treasury notes	1,477,577	-	-	1,477,577
Equity securities - stock	2,245	-	-	2,245
Funds held in split-interest trusts	<u>-</u>	<u>-</u>	<u>1,704,866</u>	<u>1,704,866</u>
	<u>\$ 19,824,585</u>	<u>\$ -</u>	<u>\$ 1,704,866</u>	<u>\$ 21,529,451</u>
Liabilities				
Trust obligations	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,107,013</u>	<u>\$ 1,107,013</u>

The following table sets forth by level, within the fair value hierarchy, the Organization's assets and liabilities at fair value as of August 31, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
Assets				
Demand deposits	\$ 18,547,314	\$ -	\$ -	\$ 18,547,314
Certificates of deposit	151,403	-	-	151,403
Equity securities - stock	42,746	-	-	42,746
Funds held in split-interest trusts	<u>-</u>	<u>-</u>	<u>1,986,067</u>	<u>1,986,067</u>
	<u>\$ 18,741,463</u>	<u>\$ -</u>	<u>\$ 1,986,067</u>	<u>\$ 20,727,530</u>
Liabilities				
Trust obligations	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,300,387</u>	<u>\$ 1,300,387</u>

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8. FAIR VALUE MEASUREMENTS (continued)

The following table sets forth a summary of changes in the fair value of Level 3 investments for the years ended August 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Balance, beginning of year	\$ 1,986,067	\$ 1,733,789
Increase (decrease) in fair value of assets held in split-interest trusts due to investment changes	<u>(281,201)</u>	<u>252,278</u>
Balance, end of year	<u>\$ 1,704,866</u>	<u>\$ 1,986,067</u>

The following table sets forth a summary of changes in the fair value of Level 3 liabilities for the years ended August 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Balance, beginning of year	\$ 1,300,387	\$ 1,146,741
Increase (decrease) in split-interest obligations due to actuarial changes	<u>(193,374)</u>	<u>153,646</u>
Balance, end of year	<u>\$ 1,107,013</u>	<u>\$ 1,300,387</u>

Level 3 Assets include split-interest trust agreements. The fair value of the trusts is based on the fair value of the underlying investments. On an annual basis, the Organization revalues the fair market value of the trusts based on current market information (See Note 7).

Level 3 Liabilities include split-interest charitable trust liabilities. On an annual basis, the Organization revalues the liability for distributions to the designated beneficiaries based on actuarial assumptions. The present value of the estimated future payments is calculated using applicable mortality rates and a discount rate of 3.8% and 1.2% for the years ended August 31, 2022 and 2021, respectively (See Note 7).

9. LINES OF CREDIT

A \$250,000 line of credit is available from Comercia at the bank's reference rate plus 0.25%. No amounts were borrowed or outstanding on this line of credit as of August 31, 2022 and 2021.

On March 25, 2021, the Organization entered into a \$4,800,000 revolving line of credit loan agreement with Tri Counties Bank secured by the Organization's assets and real estate located in Santa Clara County, California. It bears a variable interest rate equal to the Wall Street Journal Prime Rate plus 0.75%, not less than 4% per annum, and matures on March 25, 2026. No amounts were borrowed or outstanding on this line of credit as of August 31, 2022 and 2021.

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10. PAYCHECK PROTECTION PROGRAM FORGIVABLE LOAN

On March 27, 2020, President Trump signed into law the Coronavirus Aid, Relief, and Economic Security Act commonly referred to as the “CARES Act”. One component of the CARES Act was the Paycheck Protection Program (“PPP”) which provides small businesses with the resources needed to maintain their payroll and cover applicable overhead. The PPP is implemented by the Small Business Administration (“SBA”) with support from the Department of the Treasury. The PPP provided funds to pay up to 24 weeks of payroll costs including benefits. Funds could also be used to pay interest on mortgages, rent, and utilities.

On April 25, 2020, CityTeam qualified for and received a loan pursuant to the PPP from a qualified lender (the “PPP lender”), for an aggregate principal amount of \$1,558,100. The loan was a two-year loan with a maturity date of April 25, 2022 and bore an annual interest rate of 1%. CityTeam used all loan proceeds to partially subsidize direct payroll and other permitted expenses.

On June 16, 2021, CityTeam received notification that the Small Business Administration issued the forgiveness decision to forgive the entire \$1,558,100 principal loan amount and \$17,356 interest accrued on the PPP loan. The PPP loan forgiveness is recognized as income on the statement of activities for the year ended August 31, 2021.

11. NOTES PAYABLE

Notes payable are detailed as follows:

	2022	2021
<p>On November 1, 2020, CityTeam entered into a forgivable loan agreement with the County of Santa Clara in the amount of up to \$272,947 in Homeless Emergency Aid Program ("HEAP") funds, to assist with capital improvements to expand capacity and improve services for homeless individuals and families, located at the street address of 1297 N. 13th, San Jose, California. The loan is secured by a deed of trust, has a term of 10 years after January 31, 2021 and bears a simple interest at a rate of 3% per annum. Payments of principal and interest are deferred until the maturity date of the loan. The unpaid balance of principal and interest shall be forgiven on the maturity date if for the duration of the loan term, the property has been continuously used for emergency/transitional shelter for homeless individuals and/or to provide food distribution for low income and homeless individuals, or the continued use of the property was changed with County's prior written approval; and no event of default has occurred and is continuing under the loan agreement.</p>	\$ 272,947	\$ 272,947

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11. NOTES PAYABLE (continued)

	2022	2021
<p>On August 26, 2021, CityTeam entered into a promissory note agreement with Meriwest Credit Union in the amount of \$1,055,000. The funds disbursed by Meriwest Credit Union to CityTeam under the promissory note were advanced to Meriwest Credit Union by the Federal Home Loan Bank of San Francisco ("FHLB") pursuant to the regulations governing the Affordable Housing Program ("AHP"). Funds were awarded to CityTeam pursuant to its application submitted to the FHLB for CityTeam Ministries San Jose renovation project. The loan is secured by a deed of trust, has a term of 15 years and bears a zero interest rate per annum. Payment of the principal balance and any accrued interest under the note will be due and payable in full on the maturity date; however, if CityTeam complies with all continuing compliance requirements with the terms of the note, the loan will be forgiven and no payments shall be required on maturity date.</p>	1,055,000	1,055,000
<p>On March 25, 2021, CityTeam entered into a business loan agreement with Tri Counties Bank in the amount of \$750,000. The loan is secured by a deed of trust, bears a 4% interest rate per annum and has a maturity date of September 25, 2022. Subsequent to year-end, the maturity date was extended through September 25, 2023 (see Note 18). CityTeam's payment schedule consists of 11 monthly consecutive payments, beginning May 15, 2021, with interest calculated on the unpaid principal balances at a variable interest rate based on the Wall Street Journal Prime Rate (3.25%), plus a margin of 0.75%, resulting in an initial interest rate of 4%. Payment of the principal balance and any remaining accrued interest under the note will be due and payable in full on the maturity date.</p>	750,000	750,000

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11. NOTES PAYABLE (continued)

	2022	2021
<p>On October 26, 2021, CityTeam entered into a promissory note with Wells Fargo National Bank West in the amount of \$1,100,000. The funds disbursed by Wells Fargo National Bank West to CityTeam under this promissory note were advanced to Wells Fargo National Bank West by the FHLB of San Francisco pursuant to the Regulations governing the AHP. Funds were awarded to CityTeam pursuant to its application submitted to the Federal Home Loan Bank of San Francisco for the CityTeam Oakland Renewal project. The loan is secured by a deed of trust and has a term of 15 years and bears a zero interest rate per annum. Payment of the principal balance and any accrued interest under the note will be due and payable in full on the maturity date, however, if CityTeam complies with all continuing compliance requirements with the terms of the note, the loan will be forgiven and no payments shall be required on maturity date.</p>		
Current portion	<u>1,100,000</u> <u>3,177,947</u> <u>(750,000)</u>	<u>-</u> <u>2,077,947</u> <u>(750,000)</u>
	<u>\$ 2,427,947</u>	<u>\$ 1,327,947</u>

The future maturities of the notes payable are as follows:

<u>Year ending August 31,</u>	
2023	\$ 750,000
2024	-
2025	-
2026	-
2027	-
Thereafter	<u>2,427,947</u>
	<u>\$ 3,177,947</u>

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12. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of August 31, 2022 and 2021 consist of grants and contributions received for various restricted projects. The nature and amount of the restrictions are as follows:

	<u>2022</u>	<u>2021</u>
Programs	\$ 1,589,257	\$ 1,330,008
Trusts	597,852	685,680
Capital	<u>2,641,821</u>	<u>3,001,428</u>
	4,828,930	5,017,116
Time restricted net assets	<u>50,000</u>	<u>115,500</u>
	<u><u>\$ 4,878,930</u></u>	<u><u>\$ 5,132,616</u></u>

Net assets with donor restrictions released from restriction during the year were as follows:

	<u>2022</u>	<u>2021</u>
Programs	\$ 323,951	\$ 446,276
Capital	1,945,733	41,641
Time	<u>115,500</u>	<u>-</u>
	<u><u>\$ 2,385,184</u></u>	<u><u>\$ 487,917</u></u>

13. BOARD OF TRUSTEES DESIGNATED NET ASSETS

Net assets designated for specified purposes as of August 31, 2022 and 2021 were as follows:

	<u>2022</u>	<u>2021</u>
Operating reserve	\$ 6,000,000	\$ 6,000,000
Grace Village fund	1,104,111	197,100
Vision Fund short-term	210,390	339,607
Vision Fund long-term	<u>4,962,015</u>	<u>7,811,156</u>
	<u><u>\$ 12,276,516</u></u>	<u><u>\$ 14,347,863</u></u>

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13. BOARD OF TRUSTEES DESIGNATED NET ASSETS (continued)

In 2021, the Board increased the operating reserve by \$2,000,000 to \$6,000,000, covering approximately four months of the coming fiscal year's budget. Also in 2021, the Board designated the cash surplus from rental operations of the Tripp property to be used toward construction of the Grace Village program center, and in 2022 the board designated an estate gift to be used for this project. In 2019, the Board designated the proceeds from the sale of the two buildings on Zanker Road in San Jose, California to be used for long-term capital expansion purposes (the "Vision Fund"). The Board also approved a portion of the Vision Fund to be used for short-term operational funding for newly launched programs. All projects receiving Vision Funds require prior board approval.

14. PENSION PLAN

The employee retirement plan, which qualifies as a 403(b) plan, covers all employees who have completed one year of service, are at least 21 years old and work at least an average of 20 hours a week. Employer contributions vest to the employee over six years. Employees' contributions are always fully vested. Age and service requirements do not apply to the employees' ability to make salary reduction contributions to this plan.

For the years ended August 31, 2022 and 2021, the employer contribution rate was 3%. Contributions on behalf of all qualified employees totaled \$117,070 and \$140,030 for the years ended August 31, 2022 and 2021.

15. RENTAL INCOME

During the year ended August 31, 2022, CityTeam had a rental lease with a tenant for a 30,000 square foot building located in San Jose, California with monthly payments of \$38,192. Effective August 31, 2022, the lease term ended and the tenant moved out. A new lease agreement was signed with a tenant effective November 1, 2022 with the lease term ending November 30, 2027. Monthly base rent of \$46,426 began on December 1, 2022. Annual increases are set at 4%. The cost basis of this property is \$1,920,559 and the associated accumulated depreciation was \$621,749 and \$598,805 as of August 31, 2022 and 2021, respectively.

On April 1, 2021, CityTeam purchased a 50-unit apartment complex in San Jose, California and entered into an agreement with a third party to manage the property. CityTeam earned an average monthly gross rent in the amount of \$70,000. As apartments are vacated, they are being renovated and transferred for use in the Grace Village residential program for women and children. The cost basis of this property is \$14,587,227 and the associated accumulated depreciation was \$447,324 and \$111,568 as of August 31, 2022 and 2021 respectively.

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15. RENTAL INCOME (continued)

During the years ended August 31, 2022 and 2021, \$1,335,882 and \$830,184, respectively, of gross rental income was generated from tenants. Rental income reported on the statement of activities includes rents from properties with lease terms less than one year that are not included above.

16. COMMITMENTS AND CONTINGENCIES

Operating lease commitment

The Organization leases facilities and equipment under operating lease agreements which require monthly payments ranging from \$290 to \$11,360 per month and expiring at various dates through August 2025.

Total annual rent expense was \$370,632 and \$403,300 for the years ended August 31, 2022 and 2021, respectively.

The scheduled minimum lease payments under the lease terms are as follows:

Year ending August 31,

2023	\$	222,274
2024		18,520
2025		3,479
	<u>\$</u>	<u>244,273</u>

17. IN-KIND CONTRIBUTIONS

The estimated fair value of donated food, clothing, supplies, professional services and property and equipment received are recorded as contributions. Donated non-government food was valued at \$1.92 and \$1.79 per pound for the years ended August 31, 2022 and 2021, respectively. Donated government food was valued at \$1.53 and \$1.70 per pound for the years ended August 31, 2022 and 2021, respectively. These valuations were based on cost studies conducted for Feeding America. Donated clothing was valued based on published studies performed on eBay sales of used clothing, toys, and other household items titled "It's Deductible - Tax Year 2022 and 2021 Software". Donated supplies was valued using the estimated wholesale values that would be paid for similar products in the United States. Professional services were valued using the standard hourly rate for similar or identical services. Donated property was valued based on comparable properties valued on Loopnet and donated equipment was valued on Kelly Blue Book values.

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17. IN-KIND CONTRIBUTIONS (continued)

The estimated fair value of donated food, clothing, supplies, professional services and property and equipment are recorded as contributions.

	2022	2021
Food	\$ 16,090,736	\$ 11,249,388
Clothing	2,507,107	1,801,909
Supplies	1,438,115	1,391,642
Professional services	167,901	223,762
Property and equipment - capitalized	129,175	105,798
Property and equipment below capitalization threshold	-	66,893
	\$ 20,333,034	\$ 14,839,392

The donated goods and services above received during the years ended August 31, 2022 and 2021 include no donor restrictions. Professional services include donated legal, counseling, specialized labor and medical services. Property and equipment includes donated vehicles and other donated equipment. All donated goods and services were used in CityTeam's Caring for Immediate Needs and Enabling Lasting Solutions programs.

CityTeam also receives donated services that do not require specific expertise but which are nonetheless central to CityTeam's operations. During the years ended August 31, 2022 and 2021, active volunteers donated 35,800 and 22,652 hours of time valued at approximately \$1,271,000 and \$760,000, respectively to the Organization. The value of volunteer time is based on the estimated hourly value of volunteer time in the United States as determined by Independent Sector (independentsector.org). Independent Sector estimates this hourly average based on average annual wages of non-management, non-agricultural workers, as provided by the Bureau of Labor Statistics, increased by 12 percent for estimated fringe benefits. Active volunteers are defined as any person, including corporate volunteers, who gives any amount of volunteer service hours in a one-year period. The value of these services are not reflected in the financial statements.

18. SUBSEQUENT EVENTS

In September 2022, the maturity date on CityTeam's business loan agreement with Tri Counties Bank was extended through September 25, 2023.

Subsequent events have been evaluated through February 6, 2023, which is the date the financial statements were available to be issued. No other subsequent events have occurred that would have a material impact on the presentation of CityTeam's financial statements.