

**STEWOPOT COMMUNITY SERVICES, INC.  
JACKSON, MISSISSIPPI**

**Audited Financial Statements**

**December 31, 2022**

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Stewpot Community Services, Inc.  
Jackson, Mississippi

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the accompanying financial statements of Stewpot Community Services, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 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 present fairly, in all material respects, the financial position of Stewpot Community Services, Inc. as of December 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Stewpot Community Services, Inc. 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 opinions.

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the 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 Stewpot Community Services, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.



### ***Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government 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 Stewpot Community Services, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Stewpot Community Services, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with



auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2023, on our consideration of Stewpot Community Services, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Stewpot Community Services, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Stewpot Community Services, Inc.'s internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Grantham Poole PUC".

Ridgeland, Mississippi  
September 28, 2023

**STEWOPOT COMMUNITY SERVICES, INC.**  
**Statement of Financial Position**  
**December 31, 2022**

**ASSETS**

	<b>Operating Fund</b>	<b>Bratton Street Project</b>	<b>Endowment/ Reserve Fund</b>	<b>Total</b>
Current Assets:				
Cash - Unrestricted	\$ 517,156	\$ -	\$ -	\$ 517,156
Cash - Restricted	54,996	-	-	54,996
Certificate of Deposit	102,235	-	-	102,235
Prepaid Insurance and Other	20,058	-	-	20,058
Payroll Employee Retention Credit Receivable	899,378	-	-	899,378
Grants Receivable	267,626	-	-	267,626
<b>Total Current Assets</b>	<b>1,861,449</b>	<b>-</b>	<b>-</b>	<b>1,861,449</b>
Long-Term Investments	-	-	639,213	639,213
Houses Held for Rehabilitation	-	13,353	-	13,353
Interfund Receivable (Payable)	283,100	(228,800)	(54,300)	-
Property and Equipment, Net	2,777,218	43,666	-	2,820,884
<b>Total Assets</b>	<b>\$ 4,921,767</b>	<b>\$ (171,781)</b>	<b>\$ 584,913</b>	<b>\$ 5,334,899</b>

**LIABILITIES AND NET ASSETS**

Current Liabilities:				
Outstanding Checks in Excess of Bank Balance	\$ 78,832	\$ -	\$ -	\$ 78,832
Accounts Payable	197,728	-	-	197,728
Accrued Leave Payable	28,567	-	-	28,567
Current Maturities of Long-Term Debt	-	5,577	-	5,577
<b>Total Current Liabilities</b>	<b>305,127</b>	<b>5,577</b>	<b>-</b>	<b>310,704</b>
Long-Term Debt, Net of Current Maturities	-	22,922	-	22,922
<b>Total Liabilities</b>	<b>305,127</b>	<b>28,499</b>	<b>-</b>	<b>333,626</b>
Net Assets:				
Net Assets Without Donor Restrictions	4,584,671	(200,280)	584,913	4,969,304
Net Assets With Donor Restrictions	31,969	-	-	31,969
<b>Total Net Assets</b>	<b>4,616,640</b>	<b>(200,280)</b>	<b>584,913</b>	<b>5,001,273</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 4,921,767</b>	<b>\$ (171,781)</b>	<b>\$ 584,913</b>	<b>\$ 5,334,899</b>

**STEWOPOT COMMUNITY SERVICES, INC.**

**Statement of Activities**

**Year Ended December 31, 2022**

	<b>Operating Fund</b>	<b>Bratton Street Project</b>	<b>Endowment/ Reserve Fund</b>	<b>Total</b>
Net Assets Without Donor Restriction Support:				
Business and Individuals	\$ 1,553,364	\$ -	\$ -	\$ 1,553,364
Churches	213,841	-	-	213,841
Special Events and Other	337,006	-	-	337,006
Support for Bratton Street	-	30,376	-	30,376
In-kind Contributions	12,800	-	-	12,800
Gain on Involuntary Conversion	30,000	-	-	30,000
Payroll Employee Retention Credit Income	899,378	-	-	899,378
Loss on Disposal of Assets	(84,990)	-	-	(84,990)
Investment Income, Net	-	-	25,353	25,353
Realized and Unrealized Gains (Losses), Net	-	-	(150,254)	(150,254)
	<u>2,961,399</u>	<u>30,376</u>	<u>(124,901)</u>	<u>2,866,874</u>
Net Assets Released from Restrictions	<u>2,259,521</u>	<u>-</u>	<u>-</u>	<u>2,259,521</u>
	<u>5,220,920</u>	<u>30,376</u>	<u>(124,901)</u>	<u>5,126,395</u>
Expenses:				
Program Services				
Shelters and Rapid Rehousing	2,217,280	-	-	2,217,280
Food and Other	1,984,481	-	-	1,984,481
Bratton Street Project	-	25,472	-	25,472
<b>Total Program Services</b>	<u>4,201,761</u>	<u>25,472</u>	<u>-</u>	<u>4,227,233</u>
Supporting Services				
Management and General	308,866	-	-	308,866
Fundraising	194,483	-	-	194,483
<b>Total Expenses</b>	<u>4,705,110</u>	<u>25,472</u>	<u>-</u>	<u>4,730,582</u>
<b>Change in Net Assets Without Donor Restrictions</b>	<u>515,810</u>	<u>4,904</u>	<u>(124,901)</u>	<u>395,813</u>
Net Assets With Donor Restrictions:				
Support for Shelters and Rapid Rehousing	1,725,367	-	-	1,725,367
Support for Food and Other	534,154	-	-	534,154
Net Assets Released from Restrictions	(2,259,521)	-	-	(2,259,521)
<b>Change in Net Assets With Donor Restrictions</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Change in Net Assets</b>	515,810	4,904	(124,901)	395,813
<b>Net Assets at Beginning of Year</b>	<u>4,100,830</u>	<u>(205,184)</u>	<u>709,814</u>	<u>4,605,460</u>
<b>Net Assets at End of Year</b>	<u>\$ 4,616,640</u>	<u>\$ (200,280)</u>	<u>\$ 584,913</u>	<u>\$ 5,001,273</u>

See accompanying notes to financial statements.

**STEWOPOT COMMUNITY SERVICES, INC.**

**Statement of Functional Expenses**

**Year Ended December 31, 2022**

	<b>Shelters and Rapid Rehousing</b>	<b>Food and Other</b>	<b>Bratton Street Project</b>	<b>Management and General</b>	<b>Fund- Raising</b>	<b>Total</b>
<b>Compensation Related Expenses:</b>						
Salaries and Wages	\$ 466,016	\$ 416,093	\$ -	\$ 70,768	\$ 33,171	\$ 986,048
Part-time and Contract Labor	114,486	159,545	-	39,825	-	313,856
Payroll Taxes	61,810	61,293	-	11,777	3,532	138,412
Employee Benefits	135,066	133,934	-	25,731	7,719	302,450
	<u>777,378</u>	<u>770,865</u>	-	148,101	44,422	1,740,766
<b>Other Expenses:</b>						
Accounting and Auditing	-	-	-	67,799	-	67,799
Professional Fees	-	179,876	-	-	-	179,876
Conference and Training	-	-	-	1,536	-	1,536
Depreciation	121,390	111,341	1,758	10,049	-	244,538
Dues and Subscriptions	-	439	-	9,335	-	9,774
Food and Related Supplies	8,500	46,987	-	1,451	-	56,938
Insurance	24,995	41,467	-	8,209	-	74,671
Interest	-	-	2,294	-	-	2,294
Occupancy						
Maintenance	44,303	77,712	-	1,850	-	123,865
Rent	-	-	7,200	-	-	7,200
Utilities	45,261	35,202	9,960	37,830	-	128,253
Postage and Printing	-	-	-	6,069	-	6,069
Program Expense	1,004,824	592,210	4,260	-	-	1,601,294
Scholarships	-	6,300	-	-	-	6,300
Security	82,366	78,535	-	-	-	160,901
Specific Assistance	-	4,051	-	-	-	4,051
Supplies						
Cleaning	3,219	4,270	-	-	-	7,489
Office	972	2,186	-	9,086	-	12,244
Other	74,382	3,862	-	5,435	-	83,679
Equipment Repairs	712	11,117	-	-	-	11,829
Telephone	20,444	8,262	-	2,116	-	30,822
Transportation Provided	8,534	9,799	-	-	-	18,333
Fundraising - General	-	-	-	-	150,061	150,061
	<u>\$ 2,217,280</u>	<u>\$ 1,984,481</u>	<u>\$ 25,472</u>	<u>\$ 308,866</u>	<u>\$ 194,483</u>	<u>\$ 4,730,582</u>



**STEW POT COMMUNITY SERVICES, INC.**

**Statement of Cash Flows**

**Year Ended December 31, 2022**

Cash Flows From Operating Activities:	
Change in Net Assets	\$ 395,813
Adjustments to Reconcile Change in Net Assets to Net	
Cash Provided By Operating Activities:	
Depreciation	244,538
Gain on Involuntary Conversion	(30,000)
Loss on Disposal of Assets	84,990
Realized and Unrealized Losses on Investments	150,254
(Increase) or Decrease in Operating Assets:	
Employee Retention Credit Receivables	(899,378)
Grants and Contract Receivables	(3,519)
Prepaid Expenses and Other	(18,864)
Increase (Decrease) in Operating Liabilities:	
Accounts Payable	183,259
<b>Net Cash Provided By Operating Activities</b>	<b>107,093</b>
Cash Flows From Investing Activities:	
Withdrawal of Investments	100,000
Reinvestment of Earnings in Investments	(26,596)
Proceeds from Involuntary Conversion	30,000
Proceeds from Disposal of Donated Property	10
Payments for Property and Equipment	(57,187)
<b>Net Cash Provided By Investing Activities</b>	<b>46,227</b>
Cash Flows From Financing Activities:	
Outstanding Checks in Excess of Bank Balance	78,832
Payments on Line of Credit	(49,858)
Payments on Mortgage Loan	(5,927)
<b>Net Cash Provided By Financing Activities</b>	<b>23,047</b>
<b>Net Increase in Cash</b>	<b>176,367</b>
<b>Cash at Beginning of Year</b>	<b>395,785</b>
<b>Cash at End of Year</b>	<b>\$ 572,152</b>
Cash at End of Year:	
Cash - Unrestricted	\$ 517,156
Cash - Restricted	54,996
	<b>\$ 572,152</b>
Supplemental Data:	
Interest Paid	<b>\$ 2,294</b>

See accompanying notes to financial statements.

**STEWOPOT COMMUNITY SERVICES, INC.**  
**Notes to Financial Statements**  
**December 31, 2022**

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**NOTE 1**      **ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of Activities

Stewpot Community Services, Inc. (the Organization) is a not-for-profit organization that assists hungry and homeless individuals in the metropolitan Jackson, Mississippi area. The Organization is responsible for the operation of the following:

Community Kitchen	Meals on Wheels
Billy Brumfield Shelter for Men	Food Pantry
Summer Recreation Camp	HUD Rapid Rehousing Project
Children’s After-School Program	Opportunity Center Day Shelter
Clothing Closet	Teen’s After-School Program
Temporary Emergency Shelter	Street Outreach
Matt’s House Emergency Shelter for Women	Rental Assistance for Mississippians (RAMP)

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles.

Net Asset Presentation

In accordance with ASU 2016-14, net assets, support and revenues, and expenses are classified based on the existence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

**Without Donor Restrictions** – Net assets available for use in general operations and not subject to donor restrictions. These types of contributions are gifted for recurring programs and the general budget of the Organization. Assets restricted solely through the actions of the Board are reported as net assets without donor restrictions - board designated.

**With Donor Restrictions** – Net assets subject to donor-imposed stipulations that are more restrictive than the Organization’s general operations. For these types of net assets, the donor has restricted the gift to be used for a particular program, purpose or mission of the Organization. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor imposed restrictions are released when the 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. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Revenue Recognition

All contributions are considered to be available for general use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the

**STEWOPOT COMMUNITY SERVICES, INC.**  
**Notes to Financial Statements**  
**December 31, 2022**

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**NOTE 1**     **ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Revenue Recognition (Continued)

donor for specific purposes are reported as net assets with donor restrictions. When a temporary restriction expires, that particular net asset with donor restriction is reported in the statement of activities as net assets released from restrictions.

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional; that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible contributions receivable is provided based upon management's judgment, including such factors as prior collection history, type of contribution, and nature of fund-raising activity. There were no promises to give recognized or outstanding at December 31, 2022.

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

The Organization records special events revenue equal to the fair value of direct benefits to donors, and contribution income for the excess received when the event takes place.

Revenue is recognized in accordance with the Financial Accounting Standards Board (FASB) ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The Organization's revenue from contracts primarily consists of the cost-reimbursable grant revenue. These contracts are considered single performance obligations and are satisfied as the grant objectives are met.

Contributed Services

Contributions of donated services and materials that create or enhance non-financial assets or that require specialized skills provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values when they are received or unconditionally pledged. During the year ended December 31, 2022, the organization received donated professional services of \$12,800.

The Organization receives a significant amount of donated services from unpaid volunteers and donations of food, clothing and other items. No amounts have been recognized in the statement of activities for these type donations because the criteria for recognition under FASB Accounting Standards Codification 958-605 have not been satisfied

Property and Equipment

All expenditures over \$2,000 for assets having an estimated useful life that extends beyond the year of acquisition are capitalized and depreciated or amortized over the estimated useful life of the asset. Land, building, furniture, equipment and leasehold improvements are recorded at cost. The buildings are being depreciated on a straight-line basis over 30 to 40 years. Depreciation of vehicles, furniture and equipment and amortization of leasehold improvements are provided on the straight-line method over 5 to 15 years.

**STEWOPOT COMMUNITY SERVICES, INC.**  
**Notes to Financial Statements**  
**December 31, 2022**

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**NOTE 1**     **ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services proportional to salary expenses for each program.

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, 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.

Investments

The Organization records its investments in financial instruments at fair value. Realized gains and losses are recorded upon disposition of financial instruments calculated based upon the difference between the net proceeds of the sale and the cost basis of the instrument sold. Investment income and both realized and unrealized gains and losses are recorded in the statement of activities based on the classification of the investment from which it was derived. Investment expenses are offset against investment earnings.

The Organization's long-term investments are in an investment pool maintained and managed by a local foundation in which the Organization owns units as opposed to owning shares of the underlying investments. The units of the pool are measured at fair value using the net asset value per share, reported by the foundation, which the Organization considers to be a practical expedient to determining the units' fair value.

Fair Value Measurements

The Organization records its non-cash contributions and investments in financial instruments at fair market value. Realized gains and losses are recorded upon disposition of financial instruments calculated based upon the difference between the proceeds and the cost basis. All other changes in valuation of financial instruments are included in the statement of activities.

Generally accepted accounting standards establishes fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. These inputs are summarized in the three broad levels as follows:

Level 1 – Quoted prices in active markets for identical financial instruments.

Level 2 – Observable inputs other than Level 1 quoted prices (including, but not limited to, quoted prices for similar financial instruments, interest rates, prepayment speeds, and credit risk).

Level 3 – Significant unobservable inputs.

**STEWSPOT COMMUNITY SERVICES, INC.**

**Notes to Financial Statements**

**December 31, 2022**

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**NOTE 1      ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Fair Value Measurements (Continued)

Observable inputs are those based on market data obtained from sources independent of Stewspot, and observable, inputs reflect Stewspot's own assumptions based on the best information available. The input levels are not necessarily an indication of the risk or liquidity associated with financial instruments at that level.

Tax Exempt Status

Stewspot Community Services, Inc. is exempt from Federal income taxes under Section 501 (c)(3) of the Internal Revenue Code, and similar provisions of the laws of the State of Mississippi.

Accounting standards prescribe a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Management has evaluated its uncertain tax positions and related income tax contingencies and feels they are not material to the financial statements. Penalties and interest assessed by income taxing authorities are included in operating expenses if incurred.

The Organization files IRS Form 990 annually with the Federal Government and is still open to examination by taxing authorities for calendar years 2019 and later.

Concentration of Credit Risk

The Organization maintains cash in bank deposit accounts at high quality financial institutions. The balances at times may exceed federally insured limits. At December 31, 2022, there was \$195,883 in excess of insured limits. The risk, if any, is minimized by maintaining all deposits in well-established, high quality financial institutions.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents for purposes of the statement of cash flows exclude restricted cash and cash equivalents, if any.

Subsequent Events

Management has evaluated subsequent events through September 28, 2023, the date the financial statements were available to be issued.

New Lease Standard

Effective January 1, 2022 the Organization elected to adopt FASB issued ASU 2016-02, Leases (Topic 842), which clarifies the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract. The Organization did not have any leases during 2022 to qualify for the standard, therefore, the adoption of the new standard did not have a significant impact on the Organization's financial statements.

**STEWSPOT COMMUNITY SERVICES, INC.**  
**Notes to Financial Statements**  
**December 31, 2022**

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**NOTE 2      PROPERTY AND EQUIPMENT**

As of December 31, 2022, property and equipment consisted of:

Buildings:

Bratton Street Rental Houses	\$ 68,228
1100 W. Capitol Street	2,455,771
Food Pantry	255,622
Rapid Rehousing Office	133,846
Matt's House	154,226
Brumfield	124,922
Opportunity Center	384,730
Flowers House	211,063
Clothing Closet	20,670
Land	23,670
Furniture and Equipment	353,661
Leasehold Improvements	206,223
Vehicles	286,312
Teen Center	259,971
Playground	7,423
	4,946,338
Less Accumulated Depreciation and Amortization	(2,125,454)
<b>Total Property and Equipment, Net</b>	<b>\$ 2,820,884</b>

**NOTE 3      LEASE AGREEMENTS**

The Organization operates the following facility at the will and pleasure of the City of Jackson:

<u>Lessor</u>	<u>Facility</u>
City of Jackson, MS	Billy Brumfield House

The Organization leases a portion of its West Capitol Street building for use as a clinic to provide healthcare for the residents and homeless in the area. Stewspot currently receives \$1,791 per month on a month-to-month basis. The clinic was flooded in August 2022 and was closed for remediation and renovation. Total rental income for this lease was \$14,328 in 2022 and it is included in Support for Food and Other in the statement of activities. In August 2023, a new lease was created for the newly renovated space. See Note 16, Subsequent Events.

**NOTE 4      BRATTON STREET RENTAL HOUSES**

Beginning in August 2005, the Organization purchased several Bratton Street houses and renovated them to rent to some of the Organization's volunteer assistants. The volunteer assistants are mentally challenged but can live on their own.

In 2008, the Organization obtained two additional houses that it had previously rehabilitated and sold. The owners defaulted on their mortgages. In 2016, another Bratton Street house was returned to Stewspot by a lender at no cost to Stewspot.

**STEWPOD COMMUNITY SERVICES, INC.**  
**Notes to Financial Statements**  
**December 31, 2022**

**NOTE 4      BRATTON STREET RENTAL HOUSES (CONTINUED)**

In 2021, one Bratton Street house was demolished, and another house was not rentable due to lack of functionality. Management is presently determining what to do with the empty lot and the non-functionable home going forward.

As of December 31, 2022, Stewpot had month-to-month rent agreements with residents for other houses for \$300 per month each. The rent charged is used to service the mortgage debt and pay property taxes. See Note 8. The houses are managed by Stewpot staff members.

**NOTE 5      GRANT REIMBURSEMENTS RECEIVABLE AND FUTURE COMMITMENTS**

The Organization receives its grant support through periodic claims filed with the respective funding sources, not to exceed a limit specified in the funding agreement. Since the financial statements of the Organization are prepared on the accrual basis, all earned portions of the grants not yet received as of December 31, 2022, have been recorded as receivables in the amount of \$267,626. In accordance with ASU 2018-08, conditional grant commitments that extend beyond December 31, 2022 are as follows:

<u>Grants</u>	<u>Terms</u>	<u>Grant Amounts</u>	<u>Earned Through December 31, 2022</u>	<u>Funding Available</u>
Federal, State, and Local Government Grants	Various Terms from March 27, 2020 through December 31, 2023	<u>\$ 3,473,171</u>	<u>\$ 3,003,660</u>	<u>\$ 469,511</u>

**NOTE 6      NET ASSETS WITH DONOR RESTRICTIONS**

Net asset with donor restrictions consists of \$31,969 for the HeARTworks program.

HeARTworks	\$ 31,969
	<u>\$ 31,969</u>

**NOTE 7      NET ASSETS WITHOUT DONOR RESTRICTIONS**

Net assets without donor restrictions at December 31, 2022 are:

Board Designated - Capital Improvements	\$ 608,470
Undesignated Amounts	<u>4,360,834</u>
	<u>\$ 4,969,304</u>

**NOTE 8      NOTES PAYABLE AND LONG-TERM DEBT (CONTINUED)**

Line of Credit (Continued)

In August 2021, the Organization obtained a promissory note in the amount of \$100,505 with BankPlus. This note requires an interest rate of 2.2% and full payment of all outstanding principal plus all accrued unpaid interest on August 12, 2022. The note was secured by a certificate of deposit with a balance of \$100,992 at December 31, 2021.

**STEW POT COMMUNITY SERVICES, INC.**  
**Notes to Financial Statements**  
**December 31, 2022**

**NOTE 8**      **NOTES PAYABLE AND LONG-TERM DEBT**

Line of Credit (Continued)

The line of credit was refinanced on August 16, 2022. This note requires an interest rate of 2.2% and full payment of all outstanding principal plus all accrued unpaid interest on August 12, 2023. The note was secured by a certificate of deposit with a balance of \$102,236 at December 31, 2022. However, there was no balance due on the line of credit at December 31, 2022.

Mortgage Loans

In 2008, the Organization purchased two homes on Bratton Street to be used as program rental properties. See Note 4. Only one mortgage remains for twenty years at 7.5%, including monthly principal and interest payments of \$685. The balance of this loan is \$28,499 on December 31, 2022.

The following table shows maturities by year on the long-term debt at December 31, 2022.

<u>Year</u> <u>Ending</u>	<u>Bratton Street</u> <u>Houses</u>
2023	\$ 5,577
2024	6,009
2025	6,476
2026	6,979
After	<u>3,458</u>
	28,499
Less Current Maturities	<u>(5,577)</u>
Long-Term Portion	<u>\$ 22,922</u>

**NOTE 9**      **FAIR VALUE MEASUREMENTS**

Fair values of assets measured on a recurring basis at December 31, 2022 are as follows:

Category of Investment:	<u>Fair Value</u>	<u>Unfunded</u> <u>Commitments</u>	<u>Redemption</u> <u>Frequency</u>	<u>Redemption</u> <u>Notice</u>
Pooled - Long-term Fund	<u>\$ 639,213</u>	<u>\$ -</u>	<u>as needed</u>	<u>1-2 days</u>

Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurement*, requires that assets reported at fair value using the net asset value practical expedient not be classified according to their level within the fair value hierarchy. All of the Organization's long-term investments are measured at fair value using the practical expedient.

The components of total investment return for 2022 consist of the following:

Investment Income	\$ 33,004
Investment Expense	<u>(7,649)</u>
Net Investment Income	25,355
Realized and Unrealized Gains, Net	<u>(150,254)</u>
<b>Total Investment Return</b>	<u>\$ (124,899)</u>



**STEWSPOT COMMUNITY SERVICES, INC.**  
**Notes to Financial Statements**  
**December 31, 2022**

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**NOTE 10**    **RESTRICTED CASH**

The Organization has \$54,996 held in separate accounts at December 31, 2022. The use of these funds is restricted and relates to insurance proceeds from the teen center, capital funds, scholarships and other.

**NOTE 11**    **SIMPLE RETIREMENT PLAN**

The Organization established a SIMPLE Retirement Plan for its full-time employees in 2004. All employees are eligible to participate and contribute to the plan. The Organization contributed 2% of each employee's compensation to the Plan in 2022, which totaled \$16,059.

**NOTE 12**    **ENDOWMENT/RESERVE FUND**

The Community Foundation of Greater Jackson (Foundation) holds assets for the Organization. Upon the transfer, the Organization specified itself as the beneficiary and, as such, recognizes the assets as a beneficial interest in assets held by others. The agreement between the Foundation and the Organization specifies semiannual distributions of income from both funds.

Endowment funds are part of the Foundation's endowment. Reserve funds may be distributed based on a request from the Organization's Board of Directors for a special initiative or temporary relief of a working cash shortfall. The agreement also specifies that, in the event the Organization ever ceases to be a 501(c)(3) organization, or if the Organization is ever dissolved, the Foundation will continue to hold the assets and shall distribute income to a 501(c)(3) organization that in the opinion of the Foundation Board of Directors most nearly meets the purposes and objectives for which the funds were established.

At December 31, 2022, the breakdown of the fund balances was as follows:

Endowment Fund	\$ 30,743
Reserve Fund	608,470
Stewspot Contributions, Net	<u>(54,300)</u>
	<u>\$ 584,913</u>

**NOTE 13**    **FUNDRAISING COSTS**

The Organization incurred fundraising costs in 2022 in the amount of \$150,061. This amount includes special events costs, annual postage and printing costs of regular newsletters and employee's time allocation.

**NOTE 14**    **EMPLOYEE RETENTION CREDIT**

The Organization has recognized the Employee Retention Credit (ERC), a credit against payroll taxes allowed to an eligible employee for qualifying wages established by the Coronavirus Aid Relief and Economic Security (CARES) Act and further amended by the Consolidated Appropriations Act (CAA) and the American Rescue Plan (ARP). The Organization recorded the ERC credit in accordance with ASC 450-30 and recorded \$899,378 in support and revenue in the Statement of Activities for the year ended December 31, 2022. Management believes all uncertainties have been resolved and therefore the income is realized in the current year.

**STEWOPOT COMMUNITY SERVICES, INC.**  
**Notes to Financial Statements**  
**December 31, 2022**

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**NOTE 14**    **EMPLOYEE RETENTION CREDIT (CONTINUED)**

Laws and regulations concerning government programs, including the Employee Retention Credit established are complex and subject to varying interpretations. Claims made under the CARES Act may also be subject to retroactive audit and review. There can be no assurance that regulatory authorities will not challenge the Organization’s claim to the ERC, and it is not possible to determine the impact (if any) this would have upon the Organization.

**NOTE 15**    **LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

Financial assets available for general expenditures, that is without donor or other restrictions limiting their use, within one year of the current statement of financial position date, comprise the following:

Cash	\$ 517,156
Grants Receivable	<u>267,626</u>
<b>Total Available Assets</b>	<b><u><u>\$ 784,782</u></u></b>

The Organization renews grants each year whenever possible and still has grant awards to expend in 2023. See Note 5. To assist in managing liquidity, the Organization has a promissory note in the amount of \$100,505 to manage cash flow. See Note 8.

**NOTE 16**    **SUBSEQUENT EVENTS**

In August 2023, a new lease was signed to rent out a portion of the West Capitol Street building as a healthcare clinic for the residents and homeless in the area.

**STEWOPOT COMMUNITY SERVICES, INC.**  
**Schedule of Expenditures of Federal Financial Awards**  
**Year Ended December 31, 2022**

<b>Federal Grantor/Pass-Through Grantor/Program Title</b>	<b>CFDA Number</b>	<b>Federal Project or Pass Through Grantor's Number</b>	<b>Expenditures</b>
<b><u>U.S. Dept. of Housing and Urban Development:</u></b>			
<u>Provided through City of Jackson:</u>			
<u>COVID Grants:</u>			
Rapid Rehousing	14.231	E-20-MW-28-0003	\$ 381,494
Rapid Rehousing	14.218	B-20-MW-28-0003	49,312
Temporary Emergency Shelter	14.218	B-20-MW-28-0003	436,032
Street Outreach	14.231	E-20-MW-28-0003	95,832
<u>Non-COVID Grants:</u>			
<u>Emergency Solutions Grant Program(s):</u>			
Emergency Shelter - Brumfield	14.231	E-20-MW-28-0003	13,332
Emergency Shelter - Brumfield	14.231	E-21-MW-28-0003	3,129
Emergency Shelter - Matt's House	14.231	E-20-MW-28-0003	16,681
Emergency Shelter - Matt's House	14.231	E-21-MW-28-0003	938
After School/Summer Camp	14.218	B-20-MC-28-0003	26,950
After School/Summer Camp	14.218	B-21-MC-28-0003	19,608
<b>Total Provided Through City of Jackson</b>			1,043,308
<u>Provided through MS Home Corps:</u>			
<u>COVID Grant:</u>			
Rental Assistance for Mississippians (RAMP)	14.231	2019-ESGCV-SCS-20	592,616
<u>Provided through Continuum of Care:</u>			
FY20 Rapid Rehousing	14.267	MS0106L4G002001	39,789
<b>Total from U.S. Dept. of Housing and Urban Development</b>			\$ 1,675,713
<b><u>U.S. Dept. of Homeland Security:</u></b>			
<u>Provided through Mississippi Office of Homeland Security:</u>			
FY21 Nonprofit Security Grant Program	97.008	EMW-2021-UA-00003	15,228
<u>Provided through United Way:</u>			
ESFP - Phase ARPAR	97.024		50,000
Total from U.S. Dept. of Homeland Security:			65,228
<b>Total Expenditures</b>			<b>\$ 1,740,941</b>

**STEWOPOT COMMUNITY SERVICES, INC.**  
**Notes to Schedule of Expenditures of Federal Awards**  
**December 31, 2022**

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**NOTE 1      BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) summarizes the federal awards expended by Stewpot Community Services, Inc. (the Organization) for the year ended December 31, 2022.

For the purposes of the Schedule, federal awards include all grants, contracts, loans, and loan guarantee agreements entered into directly between the Organization and agencies and departments of the federal government. The Organization has classified all awards into major and nonmajor programs in accordance with the provisions of Title 2 U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The major program includes the following grants:

Emergency Shelter Grant Program – Pass-through from City of Jackson

COVID- Emergency Solutions Grant Program - Rental Assistance for Mississippians (RAMP) - Pass-through from Mississippi Home Corp.

**NOTE 2      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Accounting: The accompanying Schedule includes the federal grant activity of the Organization and is presented on the modified cash basis of accounting. The information in the Schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The amounts presented in the Schedule have been reconciled to the Organization’s basic financial statements.

Cost Allocation: The Organization allocates indirect costs related to grant programs in accordance with, the cost principles contained in the Uniform Guidance. The Organization has elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

Program Costs/Matching Contributions: The amounts shown as current year expenses represent only the federal grant portion of the program costs. Entire program costs, including the Organization portion, may be more than shown.

**NOTE 3      OTHER NONCASH ASSISTANCE**

The Organization did not receive federal noncash assistance during the year ended December 31, 2022.

**NOTE 4      AMOUNT OF FEDERAL INSURANCE IN EFFECT DURING THE YEAR**

No federal insurance was received by the Organization during the year ended December 31, 2022.



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER  
MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

Board of Directors  
Stewpot Community Services, Inc.  
Jackson, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Stewpot Community Services, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 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, and have issued our report thereon dated September 28, 2023.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Stewpot Community Services, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Stewpot Community Services, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in *internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.



### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Stewpot Community Services, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Grantham Poole Puc".

Ridgeland, Mississippi  
September 28, 2023



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH  
MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors  
Stewpot Community Services, Inc.  
Jackson, Mississippi

**Report on Compliance for Each Major Federal Program**

**Opinion on Each Major Federal Program**

We have audited Stewpot Community Services, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of Stewpot Community Services, Inc.'s major federal programs for the year ended December 31, 2022. Stewpot Community Services, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Stewpot Community Services, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

**Basis for Opinion on Each Major Federal Program**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and the audit requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Stewpot Community Services, Inc. and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Stewpot Community Services, Inc.'s compliance with the compliance requirements referred to above.

**Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provision of contracts or grant agreements applicable to Stewpot Community Services, Inc.'s federal programs.



### **Auditors' Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Stewpot Community Services, Inc.'s compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Stewpot Community Services, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Stewpot Community Services, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Stewpot Community Services, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Stewpot Community Services, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control over Compliance**

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less





severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Grantham Poole Puc".

Ridgeland, Mississippi  
September 28, 2023



**STEW POT COMMUNITY SERVICES, INC.**  
**Schedule of Findings and Questioned Costs**  
**December 31, 2022**

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**Section II: Financial Statement Findings**

None

**Section III: Federal Award Findings and Questioned Costs**

None

**STEW POT COMMUNITY SERVICES, INC.**  
**Summary Schedule of Prior Audit Finding**  
**December 31, 2022**

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<b>Reference Number</b>	<b>Summary of Findings</b>	<b>Status</b>
<b><u>Federal Award Findings and Questioned Costs</u></b>		
<b>2021-1</b>	The external auditors noted there was a lack of sufficient review controls over classification of general ledger activity.	Closed
<b>2021-2</b>	The external auditors noted there was a lack of sufficient review controls around each respective grant to meet sufficient review requirements and proper documentation.	Closed