

**Central Union Mission and its Subsidiaries**

**Consolidated Financial Statements  
(With Supplementary Information)  
and Independent Auditor's Report**

**June 30, 2021 and 2020**

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## Central Union Mission and its Subsidiaries

### Index

	<u>Page</u>
Independent Auditor's Report	2
Consolidated Financial Statements	
Consolidated Statements of Financial Position	4
Consolidated Statements of Activities	6
Consolidated Statements of Changes in Net Assets	8
Consolidated Statements of Functional Expenses	9
Consolidated Statements of Cash Flows	11
Notes to Consolidated Financial Statements	13
Supplementary Information	
Consolidating Statements of Financial Position	32
Consolidating Statements of Activities	36
Consolidating Statements of Changes in Net Assets (Net Deficit)	38

## Independent Auditor's Report

To the Board of Directors  
Central Union Mission and its Subsidiaries

### Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Central Union Mission, and its Subsidiaries (Mission DC Manager, LLC, Mission DC Landlord, LLC and Mission DC Master Tenant, LLC), which comprise the consolidated statements of financial position as of June 30, 2021 and 2020, and the related consolidated statements of activities, changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Central Union Mission, and its Subsidiaries as of June 30, 2021 and 2020, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information on pages 32 to 39 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.



Bethesda, Maryland  
September 21, 2021

**Central Union Mission and its Subsidiaries**  
**Consolidated Statements of Financial Position**  
**June 30, 2021 and 2020**

	<u>Assets</u>	
	<u>2021</u>	<u>2020</u>
Current assets		
Cash and cash equivalents	\$ 4,801,232	\$ 1,700,252
Accounts and interest receivable, net	86,679	207,768
Short-term marketable securities	39,618	39,606
Employee advances	-	336
Prepaid expenses and other	98,084	27,084
Long-lived assets held for sale	-	1,265,973
Total current assets	<u>5,025,613</u>	<u>3,241,019</u>
Property and equipment		
Land and site improvements	229,788	229,788
Buildings and improvements	19,957,547	19,619,655
Furniture and equipment	569,020	527,153
Corporate vehicles	356,859	347,883
	<u>21,113,214</u>	<u>20,724,479</u>
Less: Accumulated depreciation	<u>(5,478,480)</u>	<u>(4,899,874)</u>
Property and equipment, net	<u>15,634,734</u>	<u>15,824,605</u>
Other long-term assets		
Restricted reserve	-	5,711
Marketable securities	2,537,383	282,601
Loans and note receivable, net	-	11,075,000
	<u>2,537,383</u>	<u>11,363,312</u>
Total assets	<u>\$ 23,197,730</u>	<u>\$ 30,428,936</u>

**Central Union Mission and its Subsidiaries**  
**Consolidated Statements of Financial Position**  
**June 30, 2021 and 2020**

Liabilities and Net Assets

	<u>2021</u>	<u>2020</u>
Current liabilities		
Accounts payable and accrued expenses	\$ 518,668	\$ 563,228
Accrued payroll and payroll taxes	176,698	176,698
Accrued leave	79,602	93,644
Current portion of deferred rent and deferred lease incentive	12,549	19,879
Current portion of promissory note	-	185,217
Current portion of long-term notes payable	-	687,491
Current portion of long-term capital lease obligations	<u>12,221</u>	<u>45,471</u>
Total current liabilities	<u>799,738</u>	<u>1,771,628</u>
Long-term liabilities		
Promissory note, net of current portion	-	493,909
Notes payable, net of current portion and unamortized debt issuance costs	-	14,320,258
Deferred rent and deferred lease incentive, net of current portion	<u>50,997</u>	<u>56,238</u>
Total liabilities	<u>850,735</u>	<u>16,642,033</u>
Net assets		
Without donor restrictions	21,801,898	13,138,052
With donor restrictions	<u>545,097</u>	<u>648,851</u>
Total net assets	<u>22,346,995</u>	<u>13,786,903</u>
Total liabilities and net assets	<u>\$ 23,197,730</u>	<u>\$ 30,428,936</u>

See Notes to Consolidated Financial Statements.

**Central Union Mission and its Subsidiaries**

**Consolidated Statements of Activities  
Year Ended June 30, 2021**

	Without donor restrictions	With donor restrictions	Total
Public support and revenue			
Public support			
In-kind donations and services	\$ 6,131,529	\$ -	\$ 6,131,529
Contributions and gifts	7,941,602	421,051	8,362,653
Pledges and bequests	552,934	-	552,934
Private and foundation grants	1,108,023	-	1,108,023
Revenue			
Program services	691,445	-	691,445
Investment income	31,320	-	31,320
Lease and rental income	48,262	-	48,262
Miscellaneous income	95,821	-	95,821
Gales School income			
Interest income	9,226	-	9,226
Net assets released from restrictions	524,805	(524,805)	-
Total public support and revenue	17,134,967	(103,754)	17,031,213
Expenses			
Program services			
Family ministry	5,985,387	-	5,985,387
Men's ministry	4,439,978	-	4,439,978
Partners	179,463	-	179,463
Total program services	10,604,828	-	10,604,828
Supporting services			
Management and general	649,317	-	649,317
Fundraising and development	2,397,884	-	2,397,884
Total supporting services	3,047,201	-	3,047,201
Total expenses	13,652,029	-	13,652,029
Other items			
Gain (loss) on sale/write-off of fixed assets	1,907,890	-	1,907,890
Realized and unrealized gain (loss) on investments	325,077	-	325,077
Realized gain on unwinding new markets tax credit structure	2,947,941	-	2,947,941
Change in net assets	\$ 8,663,846	\$ (103,754)	\$ 8,560,092

**Central Union Mission and its Subsidiaries**

**Consolidated Statements of Activities  
Year Ended June 30, 2020**

	Without donor restrictions	With donor restrictions	Total
Public support and revenue			
Public support			
In-kind donations and services	\$ 8,013,783	\$ -	\$ 8,013,783
Contributions and gifts	6,499,623	150,087	6,649,710
Pledges and bequests	151,972	-	151,972
Private and foundation grants	841,357	-	841,357
Revenue			
Program services	924,158	-	924,158
Investment income	7,969	-	7,969
Lease and rental income	40,512	-	40,512
Miscellaneous income	88,100	-	88,100
Gales School income			
Interest income	110,814	-	110,814
Net assets released from restrictions	44,402	(44,402)	-
Total public support and revenue	16,722,690	105,685	16,828,375
Expenses			
Program services			
Family ministry	7,397,988	-	7,397,988
Men's ministry	5,299,475	-	5,299,475
Partners	180,433	-	180,433
Total program services	12,877,896	-	12,877,896
Supporting services			
Management and general	756,025	-	756,025
Fundraising and development	2,296,141	-	2,296,141
Total supporting services	3,052,166	-	3,052,166
Total expenses	15,930,062	-	15,930,062
Other items			
Gain (loss) on sale/write-off of fixed assets	(25,000)	-	(25,000)
Realized and unrealized gain (loss) on investments	20,874	-	20,874
Realized gain on unwinding new markets tax credit structure	-	-	-
Change in net assets	\$ 788,502	\$ 105,685	\$ 894,187

See Notes to Consolidated Financial Statements.



**Central Union Mission and its Subsidiaries**  
**Consolidated Statements of Changes in Net Assets**  
**Years Ended June 30, 2021 and 2020**

	Net Assets without Donor Restrictions			Net Assets with Donor Restrictions	Total Net Assets
	Controlling	Noncontrolling	Total		
Balance, June 30, 2019	\$ 11,258,828	\$ 1,092,277	\$ 12,351,105	\$ 543,166	\$ 12,894,271
Change in net assets	788,502	-	788,502	105,685	894,187
Distribution of noncontrolling interest	(1,555)	-	(1,555)	-	(1,555)
Transfer of membership interest	1,092,277	(1,092,277)	-	-	-
Balance, June 30, 2020	13,138,052	-	13,138,052	648,851	13,786,903
Change in net assets	8,663,846	-	8,663,846	(103,754)	8,560,092
Balance, June 30, 2021	<u>\$ 21,801,898</u>	<u>\$ -</u>	<u>\$ 21,801,898</u>	<u>\$ 545,097</u>	<u>\$ 22,346,995</u>

See Notes to Consolidated Financial Statements.

**Central Union Mission and its Subsidiaries**  
**Consolidated Statements of Functional Expenses**  
**Year Ended June 30, 2021**

	Program Services				Supporting Services			
	Family Ministry	Men's Ministry	Partners	Total Program Services	Management and General	Fundraising and Development	Total Supporting Services	Total
Salaries and benefits	\$ 609,369	\$ 1,961,850	\$ 92,873	\$ 2,664,092	\$ 156,065	\$ 336,335	\$ 492,400	\$ 3,156,492
Payroll taxes	42,269	141,011	5,976	189,256	8,930	14,662	23,592	212,848
Services and processing fees	39,594	105,302	4,007	148,903	59,337	191,784	251,121	400,024
Professional expenses	759	20,787	14,592	36,138	95,816	263,802	359,618	395,756
Radio advertisement and promotion	-	-	-	-	-	466,711	466,711	466,711
Printing and production	934	755	37,625	39,314	-	819,673	819,673	858,987
Postage and shipping	222	978	3,551	4,751	87	199,161	199,248	203,999
Transportation and lodging	6,586	22,702	68	29,356	4,799	1,918	6,717	36,073
Program service expenses	10,129	63,955	478	74,562	21,765	10,162	31,927	106,489
Food purchases	1,918	22,028	-	23,946	-	-	-	23,946
Charitable and medical contributions	100	10,106	-	10,206	9,287	-	9,287	19,493
Repairs and maintenance	49,173	102,492	-	151,665	5,739	3,027	8,766	160,431
Rent and occupancy costs	174,586	12,153	20,049	206,788	54,905	51,689	106,594	313,382
Utilities	77,750	146,711	-	224,461	-	-	-	224,461
Telephone	4,906	21,110	-	26,016	1,293	691	1,984	28,000
Insurance	26,962	96,356	-	123,318	12,979	5,421	18,400	141,718
Licenses and permits	31,145	7,863	244	39,252	5,492	12,368	17,860	57,112
Miscellaneous	3,762	21,716	-	25,478	39,848	20,480	60,328	85,806
In-kind donations and services	4,905,223	1,226,306	-	6,131,529	-	-	-	6,131,529
Depreciation expense	-	443,655	-	443,655	172,975	-	172,975	616,630
Interest expense	-	12,142	-	12,142	-	-	-	12,142
	<u>\$ 5,985,387</u>	<u>\$ 4,439,978</u>	<u>\$ 179,463</u>	<u>\$ 10,604,828</u>	<u>\$ 649,317</u>	<u>\$ 2,397,884</u>	<u>\$ 3,047,201</u>	<u>\$ 13,652,029</u>

**Central Union Mission and its Subsidiaries**  
**Consolidated Statements of Functional Expenses**  
**Year Ended June 30, 2020**

	Program Services				Supporting Services			
	Family Ministry	Men's Ministry	Partners	Total Program Services	Management and General	Fundraising and Development	Total Supporting Services	Total
Salaries and benefits	\$ 540,503	\$ 2,019,133	\$ 89,067	\$ 2,648,703	\$ 305,049	\$ 325,423	\$ 630,472	\$ 3,279,175
Payroll taxes	37,998	150,470	5,482	193,950	8,232	14,084	22,316	216,266
Services and processing fees	34,802	136,997	4,285	176,084	80,367	133,201	213,568	389,652
Professional expenses	-	42,842	16,288	59,130	44,633	256,616	301,249	360,379
Radio advertisement and promotion	-	-	-	-	-	415,258	415,258	415,258
Printing and production	-	-	35,694	35,694	-	721,127	721,127	756,821
Postage and shipping	144	31	4,541	4,716	810	277,604	278,414	283,130
Transportation and lodging	9,141	34,886	345	44,372	5,879	3,684	9,563	53,935
Program service expenses	13,344	88,193	404	101,941	11,068	15,634	26,702	128,643
Food purchases	179	42,840	-	43,019	103	19	122	43,141
Charitable and medical contributions	300	2,457	-	2,757	3,996	169	4,165	6,922
Repairs and maintenance	36,685	121,023	-	157,708	3,794	2,940	6,734	164,442
Rent and occupancy costs	174,619	17,747	23,462	215,828	48,397	56,390	104,787	320,615
Utilities	67,684	170,800	-	238,484	-	-	-	238,484
Telephone	6,343	21,654	21	28,018	2,966	712	3,678	31,696
Insurance	27,965	111,537	844	140,346	6,185	5,180	11,365	151,711
Licenses and permits	36,075	4,030	-	40,105	3,851	711	4,562	44,667
Miscellaneous	1,180	25,871	-	27,051	24,217	67,389	91,606	118,657
In-kind donations and services	6,411,026	1,602,757	-	8,013,783	-	-	-	8,013,783
Depreciation expense	-	444,791	-	444,791	206,478	-	206,478	651,269
Interest expense	-	261,416	-	261,416	-	-	-	261,416
	<u>\$ 7,397,988</u>	<u>\$ 5,299,475</u>	<u>\$ 180,433</u>	<u>\$ 12,877,896</u>	<u>\$ 756,025</u>	<u>\$ 2,296,141</u>	<u>\$ 3,052,166</u>	<u>\$ 15,930,062</u>

See Notes to Consolidated Financial Statements.

**Central Union Mission and its Subsidiaries**

**Consolidated Statements of Cash Flows**  
**Years Ended June 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Change in net assets	\$ 8,560,092	\$ 894,187
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation	616,630	651,269
Amortization of deferred financing costs	-	34,056
Gain on marketable securities	(325,077)	(20,874)
Gain on sale of Camp Bennett	(2,074,943)	-
Loss on write-off of property and equipment	167,053	25,000
Realized loss on unwinding new markets tax credit structure - loss on forgiveness of note receivable	11,075,000	-
Realized loss on unwinding new markets tax credit structure - loss on forgiveness of interest receivable	27,463	-
Realized gain on unwinding new markets tax credit structure - forgiveness of notes payable	(14,700,000)	-
Realized gain on unwinding new markets tax credit structure - write off of unamortized debt issuance costs	642,917	-
Sale of donated securities	56,256	12,213
Bad debt	12,673	9,615
Changes in assets and liabilities		
(Increase) decrease in		
Accounts and interest receivable, net	80,953	(51,557)
Employee advances	336	3,083
Prepaid expenses	(71,000)	5,567
Increase (decrease) in		
Accounts payable, accrued expenses and accrued payroll	(58,602)	(358,334)
Deferred rent and deferred lease incentive	<u>(12,571)</u>	<u>(5,068)</u>
Net cash provided by operating activities	<u>3,997,180</u>	<u>1,199,157</u>
Cash flows from investing activities		
Purchases of property and equipment	(593,812)	(54,564)
Proceeds from sale of Camp Bennett land	3,340,916	-
Repayments on loans and note receivable	-	2,564
Net change in restricted reserve	5,711	37,412
Investment in certificate of deposit	(12)	(342)
Proceeds from sales of marketable securities	28,995	105,233
Purchases of marketable securities	(2,014,956)	(100,435)
Payments on predevelopment costs for long-lived assets held for sale	<u>-</u>	<u>(42,179)</u>
Net cash provided by (used in) investing activities	<u>766,842</u>	<u>(52,311)</u>

**Central Union Mission and its Subsidiaries**

**Consolidated Statements of Cash Flows**  
**Years Ended June 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
Cash flows from financing activities		
Repayments on notes payable	(950,666)	(94,284)
Repayments on promissory note	(679,126)	(185,217)
Repayments of capital lease obligations	(33,250)	(36,012)
Distribution of noncontrolling interest	<u>-</u>	<u>(1,555)</u>
Net cash used in financing activities	<u>(1,663,042)</u>	<u>(317,068)</u>
Net increase in cash and cash equivalents	3,100,980	829,778
Cash and cash equivalents, beginning	<u>1,700,252</u>	<u>870,474</u>
Cash and cash equivalents, end	<u><u>\$ 4,801,232</u></u>	<u><u>\$ 1,700,252</u></u>
Supplemental disclosure of cashflow information		
Cash paid for interest, net of amount capitalized	<u><u>\$ 24,531</u></u>	<u><u>\$ 227,299</u></u>
Significant noncash investing and financing activities		
Write-off and disposal of fully depreciated property and equipment	<u><u>\$ 38,024</u></u>	<u><u>\$ 5,002</u></u>

See Notes to Consolidated Financial Statements.

## **Central Union Mission and its Subsidiaries**

### **Notes to Consolidated Financial Statements June 30, 2021 and 2020**

#### **Note 1 - Organization and nature of operations**

Central Union Mission (the "Mission") was founded in 1884 in Washington, D.C. and was incorporated as a nonstock, nonprofit corporation in the District of Columbia (the "City") initially in January 1887. The Mission has amended its articles of incorporation and by-laws at various times over the years. The purpose of the Mission is to glorify God through proclaiming and teaching the gospel, leading people to Christ, developing disciples, and serving the needs of hurting people throughout the Washington metropolitan area. The Mission is governed by an elected board of directors and managed by a management team.

The Mission carries out its purpose through its various family ministry programs and men's ministry programs: public outreach, temporary shelter and food, discipleship and training, and programs designed specifically for the needy and homeless.

Mission DC Manager, LLC, Mission DC Landlord, LLC and Mission DC Master Tenant, LLC are entities that formed the basis of a combined federal historic and new markets tax credit financing structure created for the purpose of renovating a historic building at 65 Massachusetts Avenue NW, Washington, D.C. that is operated as a space to provide shelter, meals and programs for the homeless in the Washington, D.C. area. The building was leased from the City starting August 24, 2011 to the Mission and then subleased to Mission DC Manager, LLC and its affiliates on July 9, 2013. It then underwent a complete renovation and was placed into service on December 1, 2013. The sublease between the Mission and Mission DC Manager, LLC was later replaced by a sublease between the Mission and Mission DC Landlord, LLC effective July 15, 2020.

Mission DC Manager, LLC was formed as a limited liability company for the purpose of benefiting, supporting and furthering the charitable activities of the consolidated entity as a whole. Mission DC Manager, LLC's sole member was Central Union Mission.

Mission DC Master Tenant, LLC was formed for the purpose of operations. National Grange Mutual Company owned a 99.99% membership interest and exercised a put option to sell its membership interest to the Central Union Mission on September 30, 2019. Mission DC Manager, LLC owned the remaining .01% membership interest.

Mission DC Landlord, LLC was formed for the purpose of renovating the building and leasing it from the City. Mission DC Manager, LLC owned a 90% membership interest in Mission DC Landlord, LLC and Mission DC Master Tenant, LLC owned the remaining 10% membership interest.

On July 10, 2020, in connection with unwinding of the new markets tax credit financing structure at the end of the tax credit period, Central Union Mission executed agreements and plans of liquidation for Mission DC Manager, LLC and Mission DC Master Tenant, LLC. Central Union Mission owns a 100% membership interest of Mission DC Landlord, LLC.

#### **Note 2 - Significant accounting policies**

##### **Principles of consolidation**

The accompanying consolidated financial statements include the accounts of Central Union Mission, Mission DC Manager, LLC, Mission DC Landlord, LLC and Mission DC Master Tenant, LLC, collectively, the Organization.

All significant transactions and balances among the entities have been eliminated in consolidation of the financial statements.

## **Central Union Mission and its Subsidiaries**

### **Notes to Consolidated Financial Statements June 30, 2021 and 2020**

#### **Basis of accounting presentation**

These financial statements have been prepared on the accrual basis of accounting and are intended to present net assets, revenue, expenses, gains and losses, based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Net assets without donor restrictions:

- Net assets without donor restrictions - controlling - represent expendable resources that are used to carry out the operations of the Organization and are not subject to donor-imposed stipulations.
- Net assets without donor restrictions - noncontrolling - represent the aggregate balance as of June 30, 2020 of limited member equity interest in the nonwholly-owned tax credit holding entity that is included in the consolidated financial statements. On September 30, 2019, National Grange Mutual Company, exercised a put option to sell its membership interest to the Mission on September 30, 2019, resulting in reclassification of membership interest from noncontrolling interest to controlling interest. As of June 30, 2021 and 2020, the Organization did not have any noncontrolling net assets without donor restrictions.

Net assets with donor restrictions – generally represent net assets subject to donor-imposed restrictions. Certain donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources are maintained in perpetuity.

As of June 30, 2021 and 2020, the Organization did not have any net assets with donor restrictions subject to be held in perpetuity.

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. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period as elapsed) are reported as reclassifications between the applicable classes of net assets.

#### **Cash and cash equivalents**

The Organization considers all highly-liquid debt investments, certificate of deposits and money market accounts with original maturities of three months or less to be cash equivalents.

#### **Marketable securities**

The Mission follows the accounting guidance for accounting for certain investments held by not-for-profit organizations. As a result, investments in marketable securities with readily determined fair values and all investments in debt securities are reported at their fair values in the consolidated statements of financial position. Unrealized gains and losses are included in the change in net assets. Realized gains (losses) are recorded upon the sale of the investments. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

## **Central Union Mission and its Subsidiaries**

### **Notes to Consolidated Financial Statements June 30, 2021 and 2020**

The Mission invests in a certificate of deposit and earns interest at 0.01%, which was last renewed on August 19, 2021. The next renewal is February 19, 2022. The certificate of deposit is carried at cost plus accrued interest, which approximates fair value and is included in short-term marketable securities on the accompanying consolidated statements of financial position.

#### **Accounts receivable**

Accounts and other receivables are reported net of an allowance for doubtful accounts. Management's estimate of the allowance is based on historical collection experience and a review of the current status of accounts and other receivables. It is reasonably possible that management's estimate of the allowance will change. At June 30, 2021 and 2020, the allowance for doubtful accounts was \$10,000 and \$6,293.

#### **Prepaid expenses and other assets**

Prepaid expenses and other assets consist principally of prepaid service agreements, prepaid rent, a contributed timeshare and security deposits. Management believes the deferred cost associated with prepaid expenses and other assets is recoverable.

#### **Long-lived assets held for sale**

The Mission incurred costs in connection with the identified undeveloped land it was considering for future sale as well as the costs associated with the initial stages of development. These costs included such items as market studies, purchase options, environmental study costs, legal, and architectural costs. These costs were capitalized and recorded as long-lived assets held for sale in connection with the sale of the residential building lots at Camp Bennett in 2021 (See Note 18). Such costs were reimbursed by the buyer of the building lots. As of June 30, 2021 and 2020, long-lived assets held for sale was \$0 and \$1,265,973, respectively.

#### **Loans receivable**

The Mission's loans receivable pertain to advances from the Kohlmeier Fund in the form of advances to worthy young Christian men and women who are not financially able to undertake or complete their higher education. The Mission does not charge interest on the promissory notes as directed by the donor or discount the loans by a present value factor given that the loans may be forgiven and treated as scholarships under certain circumstances. The loans are reported at their estimated net realizable value by management estimating an allowance for doubtful accounts and for those that may be forgiven based upon successful completion of their education and entrance into Christian service. The allowance for doubtful accounts totaled \$16,714 as of June 30, 2021 and 2020. The write-offs are included in charitable and medical contributions on the accompanying consolidated statements of functional expenses.

#### **Note receivable**

Note receivable was recorded at the net realizable value based on assessments made by management. An allowance was established for any note that management deems to be uncollectible based on their assessment. Management determined that the amounts reported as note receivable were fully realizable and as such, no allowance for doubtful accounts was necessary to report notes receivable to their net realizable value as of June 30, 2020. The note was forgiven during the year ended June 30, 2021.



## **Central Union Mission and its Subsidiaries**

### **Notes to Consolidated Financial Statements June 30, 2021 and 2020**

#### **Property and equipment**

The Organization capitalizes property and equipment acquisitions at cost or estimated fair value at the time of donation and depreciates these items using the straight-line method over estimated useful lives, which range from 5 to 40 years for building and improvements, 3 to 15 years for furniture and equipment, and 5 to 7 years for corporate vehicles. Depreciation expense was \$616,630 and \$651,269 during the years ended June 30, 2021 and 2020, respectively.

The Mission also entered into a long-term lease agreement with the City requiring the Mission to operate and maintain certain properties as a rescue mission and temporary residence for homeless persons in the City. Improvements by the Mission related to this leased site cost \$18,762,681, which is included in building and improvements on the accompanying consolidated statements of financial position. The improvements were placed into service on December 1, 2013.

In connection with the lease agreement for the Family Ministry Center (See Note 10), the Mission had incurred tenant rehabilitation costs related to this rental space. Costs associated with the rehabilitation of the rental space were carried at cost. Tenant's construction in progress was capitalized and was included in building and improvements on the accompanying consolidated statements of financial position. The improvements were placed into service in 2018.

Property, furniture, and equipment purchased in excess of \$1,500 are capitalized and stated at cost. Depreciation and amortization are calculated based on the straight-line basis for depreciable assets, while the site improvements and personal property related to the building located at 65 Massachusetts Avenue, Washington, D.C., are depreciated according to seven-year and 15-year useful lives, based on the method of modified accelerated cost recovery system, respectively. Repairs and maintenance costs that do not significantly extend the useful life of an asset, small items, and supplies are expensed as incurred.

#### **Impairment of long-lived assets**

The Organization reviews their real estate properties for potential impairment on an annual basis. Impairment is generally defined as events or changes in circumstances that indicate the carrying value of an asset may not be recoverable as of the date of the statements of financial position. When recovery is reviewed, if the undiscounted cash flows estimated to be generated are less than its carrying amount, management compares the carrying amount of the real estate property to its estimated fair value in order to determine whether an impairment loss has occurred. The amount of the impairment loss is equal to the excess of the asset's carrying value over its estimated fair value. No impairment loss was incurred during the years ended June 30, 2021 and 2020, respectively.

#### **Debt issuance costs**

Debt issuance costs, net of accumulated amortization, were reported as a direct deduction from the face amount of the mortgage loan payable to which such costs relate. Amortization of debt issuance costs was reported as a component of interest expense and was computed using an imputed interest rate on the related loan.

#### **Deferred rent**

Deferred rent liability is recorded and amortized to the extent the total minimum rent payments allocated to the current period on a straight-line basis exceed or are less than the cash payments required.

#### **Deferred lease incentive**

The Mission recognizes its lease incentive on its long-term operating leases on a straight-line basis.

## Central Union Mission and its Subsidiaries

### Notes to Consolidated Financial Statements June 30, 2021 and 2020

#### Revenue recognition

Contributions and donations are recognized in the period in which they are pledged or received, at the earliest point they are both determinable and measurable. Program service and special events fees and sponsorships are recognized during the fiscal year in which the programs are provided to participants or special event is held.

#### Contributions with donor restrictions

Contributions with donor restrictions are recognized as revenue when received or pledged and are reclassified from net assets with donor restrictions to net assets without donor restrictions when the Organization has incurred program expenditures in compliance with the specific restrictions of the donors or when the stipulated time has elapsed.

#### In-kind donations and contributed services

In-kind donations and contributed services, including any donated assets, are recognized at fair value when received or provided to the Mission at the earliest point both measurable and determinable. In-kind donations and contributed services are recognized as both income and expense and allocated to the Mission's various program services. The Mission also receives substantial contributed services from board members and community volunteers which are not recognized on the accompanying consolidated statements of activities as they do not meet the criteria for recognition under generally accepted accounting principles. The Mission relies heavily upon such support.

#### Functional expense allocation

The costs of providing the Organization's various programs and supporting services are summarized on a functional basis in the consolidated statements of activities and change in net assets and detailed in the consolidated statements of functional expenses. Accordingly, certain costs were allocated to the program and supporting services benefited based on an analysis made by management of the Organization. The Organization follows not-for-profit accounting procedures generally accepted in the United States of America ("GAAP"), in which joint costs of informational materials that include a fundraising appeal may be allocated. Management allocated \$44,065 and \$40,410 of these costs to program services during fiscal year ended June 30, 2021 and 2020, respectively.

The expenses that are allocated include the following:

Expenses	Method of allocation
In-kind donations and services	Direct allocation
Salaries and other payroll expenses	Time and effort
Professional services	Direct allocation based on services/ time and effort
Rent and utilities	Direct allocation
Bank fees and other financial expenses; accounting and auditing fees; board expenses	Direct allocation
All other expenses	Direct allocation/ Time and effort

## **Central Union Mission and its Subsidiaries**

### **Notes to Consolidated Financial Statements June 30, 2021 and 2020**

#### **Income taxes**

The Mission is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, except for income taxes on "unrelated business income", if any. For the years ended June 30, 2021 and 2020, the entity did not have any "unrelated business income" subject to income taxes; accordingly, no provision for income taxes for the entity has been included in the consolidated financial statements. Income tax returns filed by the Mission are subject to examination by the Internal Revenue Service for a period of three years. While no income tax returns are currently being examined by the Internal Revenue Service, tax years since 2017 remain open.

The Mission and its Subsidiaries adopted provisions related to the subsequent recognition and measurement of tax positions. This guidance requires recognition and the financial statement impact of a tax position when it is more-likely-than-not that the position will be sustained upon examination. The Mission did not identify any uncertain tax positions that qualify for either recognition or disclosure in the consolidated financial statements.

Mission DC Manager, LLC was formed as a limited liability company and had elected to be treated as corporation for income tax purposes. Accordingly, income taxes were accounted for under the asset and liability method. Deferred tax assets and liabilities were recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis and net operating loss ("NOL") and tax credit carry forwards. Deferred tax assets and liabilities were measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences were expected to be recovered or settled. For the year ended June 30, 2020, the corporation had net operating losses ("NOLs") of approximate \$1.9 million, of which \$1.3 million were generated in tax years beginning before January 1, 2018 and would expire in 2035 to 2038 pursuant to federal income tax law prior to the enactment of Tax Cuts and Jobs Act of 2017 ("TCJA"). Under the TCJA, the remaining \$0.6 million NOLs generated in tax years beginning after December 31, 2017 had an indefinite carryforward period. As of June 30, 2020, the deferred tax asset of approximately \$401,000 had been fully offset by an allowance, as utilization of the net operating losses is uncertain. The corporation was liquidated during the year ended June 20, 2021.

Mission DC Landlord, LLC and Mission DC Master Tenant, LLC have elected to be treated as pass-through entities for income tax purposes and, as such, are not subject to income taxes. Rather, all items of taxable income, deductions, and tax credits are passed through and are reported by their owners on their respective income tax returns. The District of Columbia does not recognize pass-through entities, and therefore, income earned in the District of Columbia by these two entities is subject to tax with a minimum tax liability of \$250. There was no income earned during the years ended June 30, 2021, and 2020. Mission DC Landlord, LLC and Mission DC Master Tenant, LLC's federal tax status as a pass-through entity is based on their legal status as a limited liability company. Accordingly, Mission DC Landlord, LLC and Mission DC Master Tenant, LLC are not required to take any tax positions in order to qualify as a pass-through entity. Mission DC Landlord, LLC and Mission DC Master Tenant, LLC are required to file and do file tax returns with the Internal Revenue Service. Accordingly, these consolidated financial statements do not reflect a provision for income taxes and Mission DC Landlord, LLC and Mission DC Master Tenant, LLC have no other tax positions which must be considered for disclosure. Mission DC Master Tenant, LLC was liquidated during the year ended June 30, 2021.

## **Central Union Mission and its Subsidiaries**

### **Notes to Consolidated Financial Statements June 30, 2021 and 2020**

Income tax returns filed by Mission DC Manager, LLC, Mission DC Landlord, LLC and Mission DC Master Tenant, LLC are subject to examination by the Internal Revenue Service for a period of three years. While no income tax returns are currently being examined by the Internal Revenue Service, tax years since 2018 remain open.

#### **Use of estimates**

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

#### **New accounting pronouncement**

In June 2020, Financial Accounting Standards Board ("FASB") issued Accounting Standards Update No. 2020-05 ("ASU 2020-05"), *Revenue from Contracts with Customers* (Topic 606) and *Leases* (Topic 842): *Effective Dates for Certain Entities*, which provides for the elective deferrals of the effective dates of Topic 606 and Topic 842 for certain entities. The core principle of Topic 606, which replaces most existing revenue recognition guidance with a five-step framework, is that revenue from contracts with customers is recognized in an amount that reflects the consideration to which an entity expects to be entitled in exchange for goods and services. Upon its adoption, Topic 842 replaces existing lease accounting guidance and requires lessees to recognize right of use assets and corresponding lease liabilities for their leases other than those on their balance sheets for all leases, including those classified as operating, except for short-term leases. Lessor accounting under Topic 842 is largely unchanged when compared to existing guidance.

The Organization has elected to apply the deferrals provided by ASU 2020-05 and, therefore, expects to adopt (i) Topic 606 for annual reporting periods beginning after December 15, 2019; and (ii) Topic 842 for fiscal years beginning after December 15, 2021 on a modified retrospective basis. The provisions of Topic 606 were effective for the Organization on July 1, 2020 and did not have a significant impact on its consolidated financial statements.

## Central Union Mission and its Subsidiaries

### Notes to Consolidated Financial Statements June 30, 2021 and 2020

#### Note 3 - Availability and Liquidity

The table below represents financial assets available for general expenditures within one year as of June 30, 2021 and 2020, reduced by amounts not available for general expenditures within one year because of contractual obligations. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, or because the governing board has set aside the funds for a specific reserve or debt obligation. Both short-term marketable securities and long-term marketable securities are those funds that are designed to provide for the ongoing income need, financial stability, conservative growth of capital to meet future needs of the Organization, and to enhance the purchasing power of funds held for the future expenditure and are available for general operations, if the need arises:

	2021	2020
Financial assets at year-end		
Cash and cash equivalents	\$ 4,801,232	\$ 1,700,252
Marketable securities	2,577,001	322,207
Accounts receivable	86,679	207,768
	<u>7,464,912</u>	<u>2,230,227</u>
Total financial assets		
Less amounts not available to be used within one year		
Cash and cash equivalents - restricted	-	109,473
Investments - restricted	45,097	39,378
	<u>45,097</u>	<u>148,851</u>
Financial assets available to meet operating fund expenditures over the next 12 months	<u>\$ 7,419,815</u>	<u>\$ 2,081,376</u>

#### Note 4 - Marketable securities

The Mission reports its investments in equity securities with readily determinable fair values and all debt securities at fair value in the accompanying consolidated financial statements, with any realized and unrealized gains or losses included as a component of investment income. Certain money market funds are included in the Mission's investment portfolio and reported as components of marketable securities given the Mission's ability and intent to reinvest these funds. The Mission's marketable securities consist of the following as of June 30, 2021 and 2020:

	2021	2020
Certificate of deposit (cost)	\$ 39,618	\$ 39,606
Equities	1,637,626	188,514
Fixed income	899,757	94,087
	<u>\$ 2,577,001</u>	<u>\$ 322,207</u>

## Central Union Mission and its Subsidiaries

### Notes to Consolidated Financial Statements June 30, 2021 and 2020

The following schedule summarizes the investment return and its classification in the consolidated statements of activities for the years ended June 30, 2021 and 2020:

	2021	2020
Interest and dividend income on marketable securities, net of fees	\$ 31,320	\$ 7,969
Net realized and unrealized gains	<u>325,077</u>	<u>20,874</u>
Total income related to marketable securities	<u>\$ 356,397</u>	<u>\$ 28,843</u>

#### Note 5 - Fair value measurements

The Organization has adopted the Fair Value Measurements accounting guidance of the Accounting Standards Codification. The guidance defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. It also establishes a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three levels. The following summarizes the three levels of inputs and hierarchy of fair value the Organization uses when measuring fair value:

- Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access;
- Level 2 inputs may include quoted prices for similar assets and liabilities in active markets, as well as interest rates and yield curves that are observable at commonly quoted intervals; and
- Level 3 inputs are unobservable inputs for the asset or liability that are typically based on an entity's own assumptions as there is little, if any, related market activity.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the fair value measurement will fall within the lowest level input that is significant to the fair value measurement in its entirety.

The following table presents the financial assets that the Organization measured at fair value on a recurring basis as of June 30, 2021:

	Level 1	Level 2	Level 3
Equities	\$ 1,637,626	\$ -	\$ -
Fixed income	<u>899,757</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,537,383</u>	<u>\$ -</u>	<u>\$ -</u>

## Central Union Mission and its Subsidiaries

### Notes to Consolidated Financial Statements June 30, 2021 and 2020

The following table presents the financial assets that the Organization measured at fair value on a recurring basis as of June 30, 2020:

	Level 1	Level 2	Level 3
Equities	\$ 188,514	\$ -	\$ -
Fixed income	94,087	-	-
	<u>\$ 282,601</u>	<u>\$ -</u>	<u>\$ -</u>

#### Note 6 - Accounts and interest receivables, net

Accounts and interest receivables are also reported at their net realizable value based upon the Mission's assessment of their collectability and consist of the following as of June 30, 2021 and 2020:

	2021	2020
Interest receivable	\$ -	\$ 18,237
Ready to Work program receivable, net	<u>86,679</u>	<u>189,531</u>
	<u>\$ 86,679</u>	<u>\$ 207,768</u>

#### Note 7 - Loans receivable

##### Kohlmeier loan receivable

The Mission's loans receivable pertain solely to advances from the Kohlmeier Fund for educational loans and scholarship advances for worthy Christian young men and women. The Mission does not charge interest on the promissory notes as directed by the donor or discount the loans by a present value factor given that the loans may be forgiven and treated as scholarships under certain circumstances. The loans are reported at their estimated net realizable value by management estimating an allowance for doubtful accounts and for those that may be forgiven based upon successful completion of their education and entrance into Christian service. As of June 30, 2021 and 2020, the balance of loans receivable was \$0, net of allowance for doubtful accounts in the amounts of \$16,714.

##### Chase NMTC Mission Investment Fund, LLC note receivable

The Mission had a note receivable of \$11,075,000 from a third party that was issued as part of the new markets tax credit financing for the leasehold improvements of the property leased from the City at 65 Massachusetts Avenue, Washington, D.C. The loan would mature on December 10, 2037. The loan bore interest at 1% per annum and the Mission received quarterly installments of interest-only of \$27,688 through July 14, 2020. The borrower provided a fund pledge agreement pledging their interest in the related community development entity. As of June 30, 2014, \$11,075,000 was advanced and remained outstanding as of June 30, 2020. On July 14, 2020, the Mission was assigned the corresponding liability in connection with the unwinding of the new markets tax credit transaction and forgave corresponding debt and receivable.

## **Central Union Mission and its Subsidiaries**

### **Notes to Consolidated Financial Statements June 30, 2021 and 2020**

During the years ended June 30, 2021 and 2020, interest income of \$9,226 and \$110,814 was recognized, and \$0 and \$18,237 remains receivable as of June 30, 2021 and 2020, respectively, and is included in accounts, grants and interest receivable, net on the accompanying consolidated statements of financial position.

#### **Note 8 - Restricted reserves**

Mission DC Landlord, LLC was required to fund an interest reserve in the amount of \$262,500, commencing on the Closing Date, as defined in the credit agreement dated July 9, 2013 with City First Capital 32, LLC. Mission DC Landlord, LLC used amounts in the reserve to fund its quarterly interest payments. The reserve account was closed in connection of the unwinding of the new markets tax credit financing structure in 2021. As of June 30, 2021 and 2020, this reserve balance was \$0 and \$5,711, respectively, and was included in restricted reserve on the accompanying consolidated statements of financial position.

#### **Note 9 - Mortgage and notes payable**

The Organization had three secured credit facilities totaling \$2,605,481 with a regional financial institution. The credit facilities were secured by approximately 219.36 acres owned by the Mission at Camp Bennett in Montgomery County, Maryland including approximately 81 acres zoned for single family residential building lots held for sale. The sale of the lots at Camp Bennett was incurred on August 10, 2020 and the net sales proceeds were utilized to pay off the remaining outstanding balance of these three credit facilities. The three credit facilities were as follows:

##### **Line of credit**

The Mission maintained a \$500,000 line of credit in 2021 and 2020 used to provide working capital and fund development of various construction projects of the Mission. The line of credit was subject to the Mission maintaining its primary bank relationship with the lender and was also subject to various restricted loan covenants. The line of credit was secured by the acreage at Camp Bennett.

The interest on the line of credit accrued at a variable interest rate of LIBOR plus 2.25% with no floor, which was approximately 3.53% and 3.66% for the years ended June 30, 2021 and June 30, 2020. On August 10, 2020, the line of credit was closed in connection with the sale of the land at Camp Bennett. The line of credit had no outstanding balance as of June 30, 2020. During the year ended June 30, 2020, interest expense of \$5,084 was incurred and paid.

##### **Promissory note**

The Mission entered into a promissory note agreement with Truist Bank (formerly known as "BB&T") in the amount of \$997,675 to provide working capital for the Mission in 2018. The note required principal payment of \$66,666 on or before January 2019 and another \$66,666 payment on or before April 2019. Thereafter, the borrower shall make principal payments of \$61,739 on each October, January, and April until maturity. The note required monthly interest payments at a variable interest rate of LIBOR plus 2.25%, which was approximately 3.53% and 3.66% for the years ended June 30, 2021 and June 30, 2020. The note commenced on May 14, 2018 and would mature on January 6, 2024. On August 10, 2020, the promissory note was paid off with net sales proceeds of the land at Camp Bennett.

There is no outstanding balance at June 30, 2021. The outstanding principal balance of the promissory note is \$679,126 as of June 30, 2020. During the years ended June 30, 2021 and 2020, interest expense of \$1,877 and \$31,992 was incurred and paid.



## **Central Union Mission and its Subsidiaries**

### **Notes to Consolidated Financial Statements June 30, 2021 and 2020**

#### **Construction loan**

The Mission previously had an unsecured construction loan of \$3,300,000 with the regional financial institution that was used to refinance the development and reconstruction of the Gales School property as the Mission's homeless shelter. The loan was secured by approximately 219.36 acres owned by the Mission at Camp Bennett in Montgomery County, Maryland including approximately 81 acres zoned for single family residential building lots held for sale.

In December 2018, the construction loan was modified to the amount of \$1,107,806. The loan required monthly interest payments at a variable interest rate of LIBOR plus 2%, which was approximately 3.28% and 3.41% for the years ended June 30, 2021 and 2020. Starting January 6, 2019, the loan also required monthly principal payments from October through June of \$10,476. The loan would mature on January 6, 2024. On August 10, 2020, the construction loan was paid off with net sales proceeds of the land at Camp Bennett.

There is no outstanding balance at June 30, 2021. The loan has an outstanding balance of \$950,666 as of June 30, 2020. During the years ended June 30, 2021 and 2020, interest expense of \$3,812 and \$38,372 was incurred and paid.

#### **City First Bank of D.C. - Loan A**

On July 9, 2013, City First Bank of D.C. provided Mission DC Landlord, LLC loan financing in the amount of \$11,075,000, which was secured by the Gales School building improvements at Massachusetts Avenue NW, Washington, D.C. as pledged collateral. Beginning on September 1, 2013 interest-only payments were due in quarterly installments until November 30, 2020. The interest rate for the loan was 1.019%.

Principal of \$11,075,000 was advanced and remained outstanding through July 14, 2020. On July 14, 2020, in connection with unwind of the new markets tax credit financing structure at the end of the tax credit period, Loan A was assigned to Central Union Mission from City First Bank of D.C. and was subsequently forgiven. The corresponding unamortized debt issuance costs were written off.

There is no outstanding balance at June 30, 2021. The outstanding balance was \$11,075,000 at June 30, 2020. During the years ended June 30, 2021 and 2020, interest expense of \$4,168 and \$140,135 was incurred, respectively, which included amortization of debt issuance costs of \$0 and \$27,208 for the years ended June 30, 2021 and 2020, respectively. As of June 30, 2021 and 2020, \$ 0 and \$9,405, respectively, remains payable and is included in accounts payable and accrued expenses on the accompanying consolidated statements of financial position.

#### **City First Bank of D.C. - Loan B**

On July 9, 2013, City First Bank of D.C. provided Mission DC Landlord, LLC loan financing in the amount of \$3,625,000. Beginning on September 1, 2013 interest-only payments were due in quarterly installments until November 30, 2020. The interest rate for the loan was 1.019%.

Principal of \$3,625,000 was advanced and remains outstanding through July 14, 2020. On July 14, 2020, in connection with unwind of the new markets tax credit financing structure at the end of the tax credit period, Loan B was assigned to Central Union Mission from City First Bank of D.C. and was subsequently forgiven. The corresponding unamortized debt issuance costs were written off.

There is no outstanding balance at June 30, 2021. The outstanding balance was \$3,625,000 at June 30, 2020. During the years ended June 30, 2021 and 2020, interest expense of \$1,334 and \$43,787 was incurred, which included amortization of debt issuance costs of \$0 and \$6,848 for the

## Central Union Mission and its Subsidiaries

### Notes to Consolidated Financial Statements June 30, 2021 and 2020

years ended June 30, 2021 and 2020. As of June 30, 2021 and 2020, \$0 and \$2,984, respectively, remains payable and is included in accounts payable and accrued expenses on the accompanying consolidated statements of financial position.

As of June 30, 2021 and 2020, the outstanding principal balance of the unsecured construction loan, net of unamortized debt issuance costs is \$0 and \$14,057,083, respectively:

	<u>2021</u>	<u>2020</u>
Mortgage notes payable	\$ -	\$ 14,700,000
Unamortized debt issuance costs	-	(642,917)
	<u>                    </u>	<u>                    </u>
Net	<u>\$ -</u>	<u>\$ 14,057,083</u>

#### Unsecured note

The Mission entered into an Affordable Housing Program Agreement with Truist Bank (formerly known as "BB&T"), as a member of Federal Home Loan Bank of Atlanta ("FHLB"), whereas BB&T provided a \$500,000 direct subsidy to the Mission for use by an affiliate to finance affordable housing for very low, low and moderate income households. The note is unsecured. As of June 30, 2021 and 2020, the balance was \$500,000 and is included in net assets with donor restrictions on the accompanying consolidated statements of changes in net assets. The Mission shall repay to BB&T that portion of the subsidy payment plus interest as determined at BB&T's discretion if the affiliate is found to be noncompliant with the policies of the Affordable Housing Program Agreement.

#### Note 10 - Lease commitments

##### Capital lease

The Mission entered into lease agreements for vehicles and trailer, classified as capital leases, with lease terms through December 2020. The lease terms were later extended through November 2021. Depreciation of the asset under the capital leases is included in depreciation expense.

The asset acquired under the capital leases is included in property and equipment as follows at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Leased corporate vehicles	\$ 230,066	\$ 230,066
Less: Accumulated depreciation	(228,533)	(207,213)
	<u>                    </u>	<u>                    </u>
	<u>\$ 1,533</u>	<u>\$ 22,853</u>

The following is a summary of the future minimum payments required under the capital lease agreement as of June 30, 2021:

Total future minimum payments	\$ 12,305
Less: Amount representing interest	(84)
	<u>                    </u>
Present value of future minium lease at June 30, 2020	<u>\$ 12,221</u>

## Central Union Mission and its Subsidiaries

### Notes to Consolidated Financial Statements June 30, 2021 and 2020

Interest expense of \$951 and \$2,046, respectively, was incurred and paid during the years ended June 30, 2021 and 2020.

In connection with these capital leases, the Mission is responsible for other charges and reimbursements on the rental vehicles and trailer. As of June 30, 2021 and 2020, the Mission incurred \$5,385 and \$3,563, respectively, of such costs and is included with rent and occupancy costs on the accompanying consolidated statements of functional expenses.

#### Operating leases

The Mission leases digital copiers and a mailing system under several noncancelable operating lease agreements that expire at various times through the year ending 2022. The leases require monthly payments at various times through the years ending June 30, 2025. For the years ended June 30, 2021 and 2020, rent expense of \$71,047 and \$80,899, respectively, was incurred.

On August 19, 2017, the Mission entered into a lease with East Blade Investors, LLP for rental property at 3194-B Bladensburg Road, NE, Washington, DC to be used as the Family Ministry Center. The term of the lease is five years and four months commencing on October 1, 2017 through January 31, 2022, with an option to renew for five years. The monthly lease payments for this property are \$12,083, increasing at 3% per annum. The Mission is entitled to occupy the property free of any payment for installments of rent during the first two months (October 1, 2016 through November 30, 2016) and shall be responsible for 50% of rent for the succeeding four months (December 1, 2016 through March 30, 2017) of the term of the lease, resulting in a combination of deferred rent abatement and deferred rent of \$59,253. For the years ended June 30, 2021 and 2020, rent expense of \$160,999 and \$166,034, respectively, was incurred.

As of June 30, 2021, future minimum lease commitments under the noncancelable operating lease agreements are as follows for the years ending June 30:

2022	<u>\$</u>	<u>96,831</u>
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On August 2, 2021, the Mission exercised its option to renew the lease through January 31, 2027. Effective February 1, 2022, the monthly lease payments will be \$14,007, increasing at 3% per annum.

#### Office lease

Effective January 2018, the Mission entered into a ten-year lease agreement with Jemal's Calvert Kenilworth L.L.C. to move its administrative office from 2600 12<sup>th</sup> Street to 6811 Kenilworth Avenue. The new lease calls for monthly payments of \$5,647 with increases of 4% per annum. The term of the lease commences on January 1. The Mission is entitled to occupy the property free of any payment for installments of rent during the first five months (January 1, 2018 through May 31, 2018) and shall be responsible for one month rent (June 2018) of the term of the lease, resulting in a combination of deferred rent abatement and deferred rent of \$32,549.

## Central Union Mission and its Subsidiaries

### Notes to Consolidated Financial Statements June 30, 2021 and 2020

As of June 30, 2021 and 2020, rent expense of \$75,950 and \$70,118, respectively, was incurred and future minimum lease commitments under the noncancelable office lease agreement are as follows for the year end June 30:

2022	\$	75,271
2023		78,282
2024		81,414
2025		84,670
2026		88,057
Thereafter		<u>138,267</u>
Total	\$	<u><u>545,961</u></u>

#### Ground lease

In August 2011, the Mission entered into a 40-year ground lease with the District of Columbia to lease the Gales School property. The lease has an original term of 40 years beginning September 2011 with an option for the Mission to extend the lease for an additional 25 years. Under the terms of the lease, the Mission is required to operate and maintain a 150-bed homeless shelter as the permitted use of the property over the 40-year term and 25-year renewal. The annual base rent is \$1 per year. For the years ended June 30, 2021 and 2020, rent expense of \$1 was incurred.

The Mission is also responsible for all improvements necessary to bring the facility up to code for occupancy. The Mission incurred the total initial construction cost of \$19,250,710, which was capitalized as incurred by the Mission during the year ended June 30, 2014. Such costs are amortized over 40 years in accordance with Mission's capitalization and depreciation policy. In conjunction with the lease agreement and given the risk associated with improving and maintaining the property, the Mission created a limited liability company, Mission DC Manager, LLC, and assigned the leasing rights, with the approval of the District of Columbia, to the limited liability company. The limited liability company's sole member is the Mission and its sole purpose is the furtherance of the Mission's exempt purpose. The ground lease may be terminated by either party should the Mission not obtain government approvals for the building plans and related improvements to bring the property up to code for accessibility and use or may be terminated by the District should the Mission otherwise fail to perform on its obligations under the lease. The lease income and the lease obligations among the Mission and its Subsidiaries are eliminated.

#### Note 11 - Net assets

Net assets without donor restrictions consist to two categories: 1) undesignated: funds that are currently available to support the Organization's daily operations and 2) board designated: funds restricted by the Board of Directors for specific purposes. As of June 30, 2021 and 2020, there were no board designated net assets.

## Central Union Mission and its Subsidiaries

### Notes to Consolidated Financial Statements June 30, 2021 and 2020

Net assets with donor restrictions as of June 30, 2021 and 2020 are \$545,097 and \$648,854, respectively, which consist of the implied time restrictions on pledge and bequest receivables and funds earmarked for educational assistance and scholarship programs and other projects. During the years ended June 30, 2021 and 2020, net assets with donor restrictions of \$524,805 and \$44,402 were released from restriction, respectively. Net asset with donor restrictions are available for the following purposes or time restrictions:

	2021	2020
Affordable Housing Program funds	\$ 500,000	\$ 500,000
Kohlmeier loan funds	45,097	42,680
Lambert House funds	-	106,171
	<u>\$ 545,097</u>	<u>\$ 648,851</u>

#### Note 12 - Developer fee

On July 9, 2013, the Mission has entered into a development agreement with Mission DC Landlord, LLC, a related party, to construct, rehabilitate, improve, maintain, operate, lease and otherwise deal with renovation of the Gales School project. As a fee for those services, the Mission is being paid a fee equal to 20% of the qualified rehabilitation expense incurred. As of June 30, 2021 and 2020, the balance of \$2,459,270 remains payable from Mission DC Landlord, LLC. The balance was eliminated on the accompanying consolidated statements of financial position and the associated depreciation expense on the buildings and improvements was eliminated on the accompanying consolidated statements of activities.

#### Note 13 - Lease and rental income

During the year ended June 30, 2020, the Mission rented a portion of its land at Camp Bennett to an unrelated third party farm on a year to year lease in the amount of \$5,300. The income is included in lease and rental income on the accompanying consolidating statements of activities. The lease arrangement was terminated at June 30, 2020.

The Mission also rented the space at Camp Bennett to various organizations and earned rental income of \$48,262 and \$35,212 for the years ended June 30, 2021 and 2020, respectively.

#### Note 14 - Fundraising and development expenses

In accordance with generally accepted accounting principles for nonprofit organizations, the Mission expenses fundraising and advertising costs when incurred. As such, fundraising and advertising expense is generally recognized when the fundraising event occurs or advertisement occurs. Fundraising and advertising costs totaled \$2,397,884 and \$2,296,141 during the fiscal years ended June 30, 2021 and 2020, respectively.

#### Note 15 - Retirement plan

The Mission provides a SIMPLE IRA retirement plan for employees meeting certain minimum eligibility requirements. Employees meeting the eligibility requirements may make tax-deferred contributions up to statutory limits as set by the IRS. The Mission makes matching contributions up to 3% of eligible compensation as defined by the plan. Retirement plan expense associated with

## **Central Union Mission and its Subsidiaries**

### **Notes to Consolidated Financial Statements June 30, 2021 and 2020**

matching contributions was \$29,168 and \$24,221 for the fiscal years ended June 30, 2021 and 2020, respectively.

#### **Note 16 - Contingencies**

##### **Disputes and disagreements**

The Mission is, from time-to-time, involved in various legal actions, claims or disputes arising from the normal course of business that, in the opinion of management will not have a significant impact upon the Mission's financial condition or operations. The legal counsel assessed that the estimated loss is remote and as such, no liabilities were accrued for such contingencies on the accompanying consolidated financial statements. No assurances can be given regarding any unasserted claims.

##### **COVID-19**

In early 2020, an outbreak of a novel strain of coronavirus ("COVID-19") emerged globally. As a result, events have occurred including mandates from federal, state and local authorities leading to an overall decline in economic activity which could result in a loss of revenue and other material adverse effects to the Organization's financial position, results of operations, and cash flows. The Organization is not able to reliably estimate the length or severity of this outbreak and the related financial impact.

#### **Note 17 - Concentration of credit risk**

The Organization maintains its cash and cash equivalents in several accounts in several banks. At times, these balances may exceed the federal insurance limits; however, the Mission has not experienced any losses with respect to its balances in excess of amounts insured by the Federal Deposit Insurance Corporation ("FDIC"). Management believes that no significant concentration of credit risk exists with respect to these balances at June 30, 2021.

#### **Note 18 - Camp Bennett Land Sale**

The Mission had incurred substantial predevelopment costs to subdivide a portion of its property at Camp Bennett in Montgomery County, Maryland into residential building lots. It included approximately 81 acres of land in Brookville, Maryland that was part of Camp Bennett with total 219.36 acres of land, zoned for residential building lots for development and sale. These lots were part of the security for the credit facilities and the net sales proceeds were used to pay off the existing balances on the credit facilities described in Note 9.

On July 9, 2018, the Mission entered into an agreement of purchase and sale with a third party in the amount of \$4,050,000 for the Camp Bennett lots. The underlying assets were composed of land and building of \$11,615 and costs of sale of \$1,254,358 at June 30, 2020. The balances were included in long-lived assets held for sale at June 30, 2020 on the accompanying consolidated statements of financial position.

On August 10, 2020, the Mission closed the sale for \$4,050,000. The Mission received \$3,340,916 from the buyer after factoring closing costs and deposit, which resulted a gain on sale in the amount of \$2,074,943. The net proceeds were utilized to pay off the existing balances of the promissory note and the construction loan.

## **Central Union Mission and its Subsidiaries**

### **Notes to Consolidated Financial Statements June 30, 2021 and 2020**

#### **Note 19 - Ready to Work program**

The Ready to Work program is a work/training program conducted by the Mission for homeless and unemployed men and women who are ready to help themselves out of homelessness toward self-sufficiency. Program participants provide cleaning services for several business districts in the City and are contracted through the Mission. Program revenues during the years ended June 30, 2021 and 2020 were \$661,549 and \$820,181, respectively, and are included in program service revenue on the accompanying consolidated statements of activities. As of June 30, 2021 and 2020, \$86,679 and \$189,531, respectively, remains receivable.

#### **Note 20 - Subsequent events**

Events that occur after the consolidated statement of financial position date, but before the consolidated financial statements were available to be issued, must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the consolidated statement of financial position date are recognized in the accompanying consolidated financial statements. Subsequent events which provide evidence about conditions that existed after the consolidated statement of financial position date require disclosure in the accompanying notes. Management evaluated the activity of the Organization through September 21, 2021 (the date the financial statements were available to be issued), and concluded that the following subsequent event has occurred and requires disclosure:

On August 2, 2021, the Mission exercised its option to renew the lease at 3194-B Bladensburg Road, NE, Washington, DC through January 31, 2027. Effective February 1, 2022, the monthly lease payments will be \$14,007, increasing at 3% per annum.

On August 19, 2021, the Mission renewed the certificate of deposit which earns interest at .01% and matures on February 19, 2022.

## **Supplementary Information**



# Central Union Mission and its Subsidiaries

## Supplementary Information

### Consolidating Statements of Financial Position June 30, 2021

	Central Union Mission	Mission DC Manager, LLC	Mission DC Landlord, LLC	Mission DC Master Tenant, LLC	Total	Eliminations	Consolidated
<b>Current assets</b>							
Cash and cash equivalents	\$ 4,793,656	\$ -	\$ 7,576	\$ -	\$ 4,801,232	\$ -	\$ 4,801,232
Accounts and interest receivable, net	86,679	-	-	-	86,679	-	86,679
Intercompany receivable	2,624,700	-	-	-	2,624,700	(2,624,700)	-
Short-term marketable securities	39,618	-	-	-	39,618	-	39,618
Employee advances	-	-	-	-	-	-	-
Prepaid expenses and other	98,084	-	-	-	98,084	-	98,084
Long-lived assets held for sale	-	-	-	-	-	-	-
<b>Total current assets</b>	<b>7,642,737</b>	<b>-</b>	<b>7,576</b>	<b>-</b>	<b>7,650,313</b>	<b>(2,624,700)</b>	<b>5,025,613</b>
<b>Property and equipment</b>							
Land and site improvements	229,788	-	-	-	229,788	-	229,788
Buildings and improvements	3,287,427	-	19,293,181	-	22,580,608	(2,623,061)	19,957,547
Furniture and equipment	358,839	-	210,181	-	569,020	-	569,020
Corporate vehicles	356,859	-	-	-	356,859	-	356,859
	4,232,913	-	19,503,362	-	23,736,275	(2,623,061)	21,113,214
Less: Accumulated depreciation	(2,071,259)	-	(3,917,261)	-	(5,988,520)	510,040	(5,478,480)
<b>Property and equipment, net</b>	<b>2,161,654</b>	<b>-</b>	<b>15,586,101</b>	<b>-</b>	<b>17,747,755</b>	<b>(2,113,021)</b>	<b>15,634,734</b>
<b>Other long-term assets</b>							
Restricted reserve	-	-	-	-	-	-	-
Marketable securities	2,537,383	-	-	-	2,537,383	-	2,537,383
Investments in subsidiary and affiliates	-	-	-	-	-	-	-
Loans and note receivable, net	-	-	-	-	-	-	-
<b>Total other long-term assets</b>	<b>2,537,383</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,537,383</b>	<b>-</b>	<b>2,537,383</b>
<b>Total assets</b>	<b>\$ 12,341,774</b>	<b>\$ -</b>	<b>\$ 15,593,677</b>	<b>\$ -</b>	<b>\$ 27,935,451</b>	<b>\$ (4,737,721)</b>	<b>\$ 23,197,730</b>

# Central Union Mission and its Subsidiaries

## Supplementary Information

### Consolidating Statements of Financial Position June 30, 2021

	Central Union Mission	Mission DC Manager, LLC	Mission DC Landlord, LLC	Mission DC Master Tenant, LLC	Total	Eliminations	Consolidated
<b>Current liabilities</b>							
Accounts payable and accrued expenses	\$ 518,668	\$ -	\$ -	\$ -	\$ 518,668	\$ -	\$ 518,668
Accrued payroll and payroll taxes	176,698	-	-	-	176,698	-	176,698
Accrued leave	79,602	-	-	-	79,602	-	79,602
Current portion of deferred rent and deferred lease incentive	12,549	-	-	-	12,549	-	12,549
Intercompany payable	-	-	2,624,700	-	2,624,700	(2,624,700)	-
Current portion of promissory note	-	-	-	-	-	-	-
Current portion of long-term notes payable	-	-	-	-	-	-	-
Current portion of long-term capital lease obligations	12,221	-	-	-	12,221	-	12,221
<b>Total current liabilities</b>	<b>799,738</b>	<b>-</b>	<b>2,624,700</b>	<b>-</b>	<b>3,424,438</b>	<b>(2,624,700)</b>	<b>799,738</b>
<b>Long-term liabilities</b>							
Promissory note, net of current portion	-	-	-	-	-	-	-
Notes payable, net of current portion and unamortized debt issuance costs	-	-	-	-	-	-	-
Deferred rent and deferred lease incentive, net of current portion	50,997	-	-	-	50,997	-	50,997
<b>Total liabilities</b>	<b>850,735</b>	<b>-</b>	<b>2,624,700</b>	<b>-</b>	<b>3,475,435</b>	<b>(2,624,700)</b>	<b>850,735</b>
<b>Net assets</b>							
Without donor restrictions	10,945,942	-	12,968,977	-	23,914,919	(2,113,021)	21,801,898
With donor restrictions	545,097	-	-	-	545,097	-	545,097
<b>Total net assets</b>	<b>11,491,039</b>	<b>-</b>	<b>12,968,977</b>	<b>-</b>	<b>24,460,016</b>	<b>(2,113,021)</b>	<b>22,346,995</b>
<b>Total liabilities and net assets</b>	<b>\$ 12,341,774</b>	<b>\$ -</b>	<b>\$ 15,593,677</b>	<b>\$ -</b>	<b>\$ 27,935,451</b>	<b>\$ (4,737,721)</b>	<b>\$ 23,197,730</b>

# Central Union Mission and its Subsidiaries

## Supplementary Information

### Consolidating Statements of Financial Position June 30, 2020

	Central Union Mission	Mission DC Manager, LLC	Mission DC Landlord, LLC	Mission DC Master Tenant, LLC	Total	Eliminations	Consolidated
<b>Current assets</b>							
Cash and cash equivalents	\$ 1,481,783	\$ -	\$ 144,828	\$ 73,641	\$ 1,700,252	\$ -	\$ 1,700,252
Accounts and interest receivable, net	207,768	-	-	-	207,768	-	207,768
Intercompany receivable	2,426,353	-	-	64,943	2,491,296	(2,491,296)	-
Short-term marketable securities	39,606	-	-	-	39,606	-	39,606
Employee advances	336	-	-	-	336	-	336
Prepaid expenses and other	27,084	-	-	-	27,084	-	27,084
Long-lived assets held for sale	1,265,973	-	-	-	1,265,973	-	1,265,973
<b>Total current assets</b>	<b>5,448,903</b>	<b>-</b>	<b>144,828</b>	<b>138,584</b>	<b>5,732,315</b>	<b>(2,491,296)</b>	<b>3,241,019</b>
<b>Property and equipment</b>							
Land and site improvements	229,788	-	-	-	229,788	-	229,788
Buildings and improvements	3,144,926	-	19,097,790	-	22,242,716	(2,623,061)	19,619,655
Furniture and equipment	316,972	-	210,181	-	527,153	-	527,153
Corporate vehicles	347,883	-	-	-	347,883	-	347,883
	4,039,569	-	19,307,971	-	23,347,540	(2,623,061)	20,724,479
Less: Accumulated depreciation	(1,898,283)	-	(3,444,373)	-	(5,342,656)	442,782	(4,899,874)
<b>Property and equipment, net</b>	<b>2,141,286</b>	<b>-</b>	<b>15,863,598</b>	<b>-</b>	<b>18,004,884</b>	<b>(2,180,279)</b>	<b>15,824,605</b>
<b>Restricted reserve</b>	<b>-</b>	<b>-</b>	<b>5,711</b>	<b>-</b>	<b>5,711</b>	<b>-</b>	<b>5,711</b>
Marketable securities	282,601	-	-	-	282,601	-	282,601
Investments in subsidiary and affiliates	1,132,914	1,133,028	2,341	1,146,009	3,414,292	(3,414,292)	-
Loans and note receivable, net	11,075,000	-	-	-	11,075,000	-	11,075,000
<b>Total other long-term assets</b>	<b>12,490,515</b>	<b>1,133,028</b>	<b>8,052</b>	<b>1,146,009</b>	<b>14,777,604</b>	<b>(3,414,292)</b>	<b>11,363,312</b>
<b>Total assets</b>	<b>\$ 20,080,704</b>	<b>\$ 1,133,028</b>	<b>\$ 16,016,478</b>	<b>\$ 1,284,593</b>	<b>\$ 38,514,803</b>	<b>\$ (8,085,867)</b>	<b>\$ 30,428,936</b>

# Central Union Mission and its Subsidiaries

## Supplementary Information

### Consolidating Statements of Financial Position June 30, 2020

	Central Union Mission	Mission DC Manager, LLC	Mission DC Landlord, LLC	Mission DC Master Tenant, LLC	Total	Eliminations	Consolidated
<b>Current liabilities</b>							
Accounts payable and accrued expenses	\$ 545,839	\$ -	\$ 15,289	\$ 2,100	\$ 563,228	\$ -	\$ 563,228
Accrued payroll and payroll taxes	176,698	-	-	-	176,698	-	176,698
Accrued leave	93,644	-	-	-	93,644	-	93,644
Current portion of deferred rent and deferred lease incentive	19,879	-	-	-	19,879	-	19,879
Intercompany payable	-	34,367	2,459,270	-	2,493,637	(2,493,637)	-
Current portion of promissory note	185,217	-	-	-	185,217	-	185,217
Current portion of long-term notes payable	94,284	-	593,207	-	687,491	-	687,491
Current portion of long-term capital lease obligations	45,471	-	-	-	45,471	-	45,471
<b>Total current liabilities</b>	<b>1,161,032</b>	<b>34,367</b>	<b>3,067,766</b>	<b>2,100</b>	<b>4,265,265</b>	<b>(2,493,637)</b>	<b>1,771,628</b>
<b>Long-term liabilities</b>							
Promissory note, net of current portion	493,909	-	-	-	493,909	-	493,909
Notes payable, net of current portion and unamortized debt issuance costs	856,382	-	13,463,876	-	14,320,258	-	14,320,258
Deferred rent and deferred lease incentive, net of current portion	56,238	-	-	-	56,238	-	56,238
<b>Total liabilities</b>	<b>2,567,561</b>	<b>34,367</b>	<b>16,531,642</b>	<b>2,100</b>	<b>19,135,670</b>	<b>(2,493,637)</b>	<b>16,642,033</b>
<b>Net assets</b>							
Without donor restrictions	16,864,292	1,098,661	(515,164)	1,282,493	18,730,282	(5,592,230)	13,138,052
With donor restrictions	648,851	-	-	-	648,851	-	648,851
<b>Total net assets</b>	<b>17,513,143</b>	<b>1,098,661</b>	<b>(515,164)</b>	<b>1,282,493</b>	<b>19,379,133</b>	<b>(5,592,230)</b>	<b>13,786,903</b>
<b>Total liabilities and net assets</b>	<b>\$ 20,080,704</b>	<b>\$ 1,133,028</b>	<b>\$ 16,016,478</b>	<b>\$ 1,284,593</b>	<b>\$ 38,514,803</b>	<b>\$ (8,085,867)</b>	<b>\$ 30,428,936</b>

See Independent Auditor's Report.

# Central Union Mission and its Subsidiaries

## Supplementary Information

### Consolidating Statements of Activities Year Ended June 30, 2021

	Central Union Mission	Mission DC Manager, LLC	Mission DC Landlord, LLC	Mission DC Master Tenant, LLC	Total	Eliminations	Consolidated
Public support and revenue							
Public support							
In-kind donations and services	\$ 6,131,529	\$ -	\$ -	\$ -	\$ 6,131,529	\$ -	\$ 6,131,529
Contributions and gifts	8,362,653	-	-	-	8,362,653	-	8,362,653
Pledges and bequests	552,934	-	-	-	552,934	-	552,934
Private and foundation grants	1,108,023	-	-	-	1,108,023	-	1,108,023
Revenue							
Program services	691,445	-	-	-	691,445	-	691,445
Investment income	31,320	-	-	-	31,320	-	31,320
Lease and rental income	48,262	-	73,318	27,917	149,497	(101,235)	48,262
Miscellaneous income	95,821	-	-	-	95,821	-	95,821
Gales School income							
Interest income	9,226	-	-	-	9,226	-	9,226
Total public support and revenue	17,031,213	-	73,318	27,917	17,132,448	(101,235)	17,031,213
Expenses							
Program services							
Family ministry	5,985,387	-	-	-	5,985,387	-	5,985,387
Men's ministry	3,988,871	2,335	522,978	27,029	4,541,213	(101,235)	4,439,978
Partners	179,463	-	-	-	179,463	-	179,463
Total program services	10,153,721	2,335	522,978	27,029	10,706,063	(101,235)	10,604,828
Supporting services							
Management and general	716,575	-	-	-	716,575	(67,258)	649,317
Fundraising and development	2,397,884	-	-	-	2,397,884	-	2,397,884
Total supporting services	3,114,459	-	-	-	3,114,459	(67,258)	3,047,201
Total expenses	13,268,180	2,335	522,978	27,029	13,820,522	(168,493)	13,652,029
Other items							
Gain (loss) on sale/write-off of fixed assets	2,074,943	-	(167,053)	-	1,907,890	-	1,907,890
Realized and unrealized gain on investments	325,077	-	-	-	325,077	-	325,077
Realized gain (loss) on unwinding new markets tax credit structure	(12,185,157)	(1,096,326)	14,027,213	(1,209,740)	(464,010)	3,411,951	2,947,941
Total other items	(9,785,137)	(1,096,326)	13,860,160	(1,209,740)	1,768,957	3,411,951	5,180,908
Change in net assets	\$ (6,022,104)	\$ (1,098,661)	\$ 13,410,500	\$ (1,208,852)	\$ 5,080,883	\$ 3,479,209	\$ 8,560,092

## Central Union Mission and its Subsidiaries

### Supplementary Information

#### Consolidating Statements of Activities Year Ended June 30, 2020

	Central Union Mission	Mission DC Manager, LLC	Mission DC Landlord, LLC	Mission DC Master Tenant, LLC	Total	Eliminations	Consolidated
Public support and revenue							
Public support							
In-kind donations and services	\$ 8,013,783	\$ -	\$ -	\$ -	\$ 8,013,783	\$ -	\$ 8,013,783
Contributions and gifts	6,649,710	-	-	-	6,649,710	-	6,649,710
Pledges and bequests	151,972	-	-	-	151,972	-	151,972
Private and foundation grants	841,357	-	-	-	841,357	-	841,357
Revenue							
Program services	924,158	-	-	-	924,158	-	924,158
Investment income	7,969	-	-	-	7,969	-	7,969
Lease and rental income	40,512	-	302,000	335,000	677,512	(637,000)	40,512
Miscellaneous income	88,100	-	-	-	88,100	-	88,100
Gales School income							
Interest income	110,714	-	100	-	110,814	-	110,814
Total public support and revenue	16,828,275	-	302,100	335,000	17,465,375	(637,000)	16,828,375
Expenses							
Program services							
Family ministry	7,397,988	-	-	-	7,397,988	-	7,397,988
Men's ministry	4,912,926	5,313	708,452	309,784	5,936,475	(637,000)	5,299,475
Partners	180,433	-	-	-	180,433	-	180,433
Total program services	12,491,347	5,313	708,452	309,784	13,514,896	(637,000)	12,877,896
Supporting services							
Management and general	823,283	-	-	-	823,283	(67,258)	756,025
Fundraising and development	2,296,141	-	-	-	2,296,141	-	2,296,141
Total supporting services	3,119,424	-	-	-	3,119,424	(67,258)	3,052,166
Total expenses	15,610,771	5,313	708,452	309,784	16,634,320	(704,258)	15,930,062
Other items							
Gain (loss) on sale/write-off of fixed assets	-	-	(25,000)	-	(25,000)	-	(25,000)
Realized and unrealized gain on investments	20,874	-	-	-	20,874	-	20,874
Realized gain (loss) on unwinding new markets tax credit structure	-	-	-	-	-	-	-
Total other items	20,874	-	(25,000)	-	(4,126)	-	(4,126)
Change in net assets	\$ 1,238,378	\$ (5,313)	\$ (431,352)	\$ 25,216	\$ 826,929	\$ 67,258	\$ 894,187

See Independent Auditor's Report.

# Central Union Mission and its Subsidiaries

## Supplementary Information

### Consolidating Statements of Changes in Net Assets (Net Deficit) Years Ended June 30, 2021 and 2020

	Net Assets Without Donor Restrictions			With donor restrictions	Total Net Assets Prior to Consolidating Eliminations	Eliminations	Total Net Assets
	Controlling	Noncontrolling	Total				
<b>Central Union Mission</b>							
Balance, June 30, 2019	\$ 15,733,153	\$ -	\$ 15,733,153	\$ 543,166	\$ 16,276,319	\$ (821,609)	\$ 15,454,710
Change in net assets, June 30, 2020	1,132,694	-	1,132,694	105,685	1,238,379	335,000	1,573,379
Distribution of noncontrolling interest	(1,555)	-	(1,555)	-	(1,555)	-	(1,555)
Balance, June 30, 2020	16,864,292	-	16,864,292	648,851	17,513,143	(486,609)	17,026,534
Change in net assets, June 30, 2021	(5,918,350)	-	(5,918,350)	(103,754)	(6,022,104)	12,227,084	6,204,980
Balance, June 30, 2021	<u>\$ 10,945,942</u>	<u>\$ -</u>	<u>\$ 10,945,942</u>	<u>\$ 545,097</u>	<u>\$ 11,491,039</u>	<u>\$ 11,740,475</u>	<u>\$ 23,231,514</u>
	Net Assets Without Donor Restrictions			With donor restrictions	Total Net Assets Prior to Consolidating Eliminations	Eliminations	Total Net Deficit
	Controlling	Noncontrolling	Total				
<b>Mission DC Manager, LLC</b>							
Balance, June 30, 2019	\$ 1,103,974	\$ -	\$ 1,103,974	\$ -	\$ 1,103,974	\$ (1,133,028)	\$ (29,054)
Change in net assets, June 30, 2020	(5,313)	-	(5,313)	-	(5,313)	-	(5,313)
Balance, June 30, 2020	1,098,661	-	1,098,661	-	1,098,661	(1,133,028)	(34,367)
Change in net assets, June 30, 2021	(1,098,661)	-	(1,098,661)	-	(1,098,661)	1,096,326	(2,335)
Balance, June 30, 2021	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (36,702)</u>	<u>\$ (36,702)</u>

# Central Union Mission and its Subsidiaries

## Supplementary Information

### Consolidating Statements of Changes in Net Assets (Net Deficit) Years Ended June 30, 2021 and 2020

	Net Assets Without Donor Restrictions				Total Net Assets Prior to Consolidating Eliminations	Eliminations	Total Net Deficit
<b>Mission DC Landlord, LLC</b>	Controlling	Noncontrolling	Total	With donor restrictions			
Balance, June 30, 2020	\$ (83,812)	\$ -	\$ (83,812)	\$ -	\$ (83,812)	\$ (3,539,850)	\$ (3,623,662)
Change in net assets, June 30, 2020	(431,352)	-	(431,352)	-	(431,352)	(234,743)	(666,095)
Balance, June 30, 2020	(515,164)	-	(515,164)	-	(515,164)	(3,774,593)	(4,289,757)
Transfer of assets	73,641	-	73,641	-	73,641	-	73,641
Change in net assets, June 30, 2021	13,410,500	-	13,410,500	-	13,410,500	(11,051,191)	2,359,309
Balance, June 30, 2021	<u>\$ 12,968,977</u>	<u>\$ -</u>	<u>\$ 12,968,977</u>	<u>\$ -</u>	<u>\$ 12,968,977</u>	<u>\$ (14,825,784)</u>	<u>\$ (1,856,807)</u>
	Net Assets Without Donor Restrictions				Total Net Assets Prior to Consolidating Eliminations	Eliminations	Total Net Assets
<b>Mission DC Master Tenant, LLC</b>	Controlling	Noncontrolling	Total	With donor restrictions			
Balance, June 30, 2019	\$ -	\$ 1,257,277	\$ 1,257,277	\$ -	\$ 1,257,277	\$ (165,000)	\$ 1,092,277
Transfer of membership interest	1,257,277	(1,257,277)	-	-	-	-	-
Change in net assets, June 30, 2020	25,216	-	25,216	-	25,216	(33,000)	(7,784)
Balance, June 30, 2020	1,282,493	-	1,282,493	-	1,282,493	(198,000)	1,084,493
Transfer of assets	(73,641)	-	(73,641)	-	(73,641)	-	(73,641)
Change in net assets, June 30, 2021	(1,208,852)	-	(1,208,852)	-	(1,208,852)	1,206,990	(1,862)
Balance, June 30, 2021	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,008,990</u>	<u>\$ 1,008,990</u>

See Independent Auditor's Report.





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